

USAir

JUN 18 1991

Mintzer

2345 Crystal Drive
Arlington, VA 22227

June 14, 1991

Mr. Arnold Bernas
Project Manager
Emergency & Remedial Response Division
United States Environmental
Protection Agency
Region II
Room 2930 --
26 Federal Plaza
New York, New York 10278

RE: York Oil Site, Moira, New York

Dear Mr. Bernas:

USAir, Inc. ("USAir" or "the Company") is in receipt of the Request for Information regarding the above-captioned matter dated May 15, 1991 from the United States Environmental Protection Agency ("USEPA" of "the Agency"). As confirmed in a letter from USAir's counsel to Michael A. Mintzer, Esquire dated May 28, 1991, USEPA granted USAir an extension of time until June 14, 1991 to respond to the subject Request for Information.

General Statement

Although USEPA's most recent Request for Information comes as somewhat of a surprise after over two years of delayed settlement discussions, USAir appreciates the opportunity to once again clarify its qualification for de minimis status at this Site. From conversations with USEPA and Department of Justice ("DOJ") personnel, it is USAir's understanding that similar Requests for Information have been sent to other de minimis PRPs, so as to ensure that USEPA and DOJ will have sufficient information to rebuff any potential challenges by nonsettlers to our de minimis decree. USAir is confident that the information provided herein will assist USEPA and DOJ in this vein.

Before responding to the questions posed by USEPA's May 15, 1991 letter, a brief general statement regarding USAir's alleged connection to the York Oil Site and the United States'

enforcement activities vis a vis USAir is in order. As an initial matter, USAir notes that this is not the first time USEPA has propounded an information request upon the Company. Specifically, in a letter dated April 19, 1988, Garner W. Miller, Senior Vice President - Maintenance and Engineering, provided information in response to USEPA's March 18, 1988 Request for Information. See Exhibit A. In that response, USAir advised USEPA that a thorough search of available records produced no documents which related in any manner to waste activities of Mohawk Airlines, Inc., ("Mohawk Airlines" or "Mohawk") and that the Company had no reason to believe that Mohawk Airlines or Allegheny Airlines¹ generated any wastes which came to be located at the York Oil Site. As will be discussed in greater detail below, no Company information has been located that in any way changes this position.

Given the passage of time since enforcement activities began at this Site, and the significant turnover of USEPA and DOJ personnel since that time, it may be helpful, in one document, to provide a short summary of the United States' dealings with USAir (and others in the de minimis group) regarding this matter. By providing this summary, USAir hopes not only to provide the Agency with some insight into its heightened level of frustration with the United States' inaction with the previously negotiated de minimis settlement, but also to ensure that, after all this time, the Agency does not ignore the deal it struck with USAir in 1989.

As you no doubt are aware, the United States initiated litigation in 1983 against Kenneth Peirce, Alcoa and Reynolds Metal Company. It was not until nearly five (5) years later that other parties -- including USAir -- were joined as third-party defendants to this litigation. From that point forward, USAir has done everything in its power to resolve its potential liability with the government. These efforts to settle this matter culminated in early 1989, when USAir's outside counsel made a reasonable and good faith settlement proposal to Melissa Marshall, the DOJ attorney initially assigned to this case. (See Exhibit B). As justification and support for this proposal, USAir reported its own internal study regarding the amount of oil that could have been discarded by Mohawk Airlines during the relevant time period, assuming a worst case scenario. USAir's offer of settlement was based upon the results of this worst case scenario analysis, combined with a generous multiplier as a premium for being afforded "cash out" de minimis status.

¹ As noted in USAir's response to Question 1.a. of the March 18, 1988 request, Mohawk Airlines, Inc. was merged into Allegheny Airlines, Inc. in 1972.

On January 30, 1989, DOJ responded favorably to this offer, and agreed to allow USAir to participate in the de minimis settlement in exchange for payment by USAir of \$300,000.² (See Exhibit C). After this point, USAir joined with the pre-existing group of de minimis PRPs to engage in substantive discussions regarding the terms and conditions of the de minimis Decree to be entered with the United States.

Notwithstanding the fact that the United States reached an agreement with USAir and the other de minimis PRPs in 1989, DOJ repeatedly requested that our group postpone finalizing this decree until DOJ completed negotiations among the United States, Alcoa and the Army and Air Force, who were viewed by all as having substantially more responsibility for conditions at the Site. Based upon representations made by the United States that (1) the Alcoa Decree would be finalized quickly and (2) that the requested delay would not in any way adversely affect the de minimis parties' interests, the de minimis settlers agreed to wait. However, despite constant efforts to get the United States' attention re-directed to our agreement, our de minimis decree has not yet been executed. The following chronology demonstrates just some of our efforts to "close the books" on this matter, and the frustration with which these efforts have been met:

April 20, 1989: DOJ represents to the Court that a settlement involving approximately ten parties has been agreed upon. The settling parties include the federal facilities, a number of de minimis generators and Alcoa. DOJ further asserts that completion of both the Alcoa Decree and the De Minimis Decree will come "within a few weeks." (See Joint Statement of the Parties to the Court Regarding the Status of this Case, filed by DOJ on April 20, 1989, attached as Exhibit D).

November 14, 1989: Following efforts by counsel for USAir and other de minimis settlers to move the de minimis settlement forward, DOJ convenes a meeting with counsel for de minimis settlers, including USAir. At this meeting, many outstanding issues regarding wording of the Decree were addressed and resolved; DOJ promised to provide de minimis settlers with a revised draft of the Consent Decree "by Thanksgiving."

² Through further discussions between counsel for DOJ and USAir, it was finally agreed that USAir would contribute \$225,000 to participate in the de minimis settlement.

February 5, 1990: After not hearing from DOJ "by Thanksgiving" (and having several phone calls left unanswered), USAir again requested word from DOJ regarding the revised Consent Decree. See Exhibit E.

April 3, 1990: Donald Frankel, new DOJ counsel assigned to this matter, files a status report with the Court stating that a final agreement with Alcoa and the Federal Departments will be reached "within the next several months" and that the De Minimis Decree with eight other parties (plus one non-party), which has been on hold because of the Alcoa Decree, would be finalized "in the near future." See Exhibit F.

August 2, 1990: After several more months of silence, USAir's counsel was prompted to once again write to DOJ, expressing its desire to resume discussions regarding the de minimis settlement previously negotiated. See Exhibit G.

September 11, 1990: DOJ responded to USAir's August 2, 1990 letter, estimating that we could resume negotiation of the De Minimis Decree within the next four to five weeks. See Exhibit H.

November 29, 1990: De Minimis PRPs and others receive notice letter for second operable unit of York Oil Site. No mention is made of the previously negotiated de minimis settlement. See Exhibit I.

December 26, 1990: De Minimis PRPs respond to November 29, 1990 EPA letter, explaining our understanding of USEPA's willingness to proceed with de minimis negotiations in accordance with its prior commitments to our group and to the Court. Requested immediate meeting, preferably before February 1, 1991. See Exhibit J. No response was received from USEPA or DOJ.

USAir notes that on May 31, 1991, DOJ finally lodged the Alcoa Decree with the District Court of the Northern District of New York. With this action, USAir and the other de minimis settlers expect that, at long last, the ministerial impediment to lodging of the De Minimis Consent Decree (imposed unilaterally by the United States) has been removed, and that we can proceed to

have our Decree executed and lodged with the Court in the near future.

Response to Information Request

As mentioned above, USAir previously responded to an information request propounded by USEPA in 1988. Even at that time, nearly a quarter of a century had passed between the relevant time period and the time of our information review, with information and documents regarding Mohawk Airlines' operations naturally falling victim to time. Certainly, the government's delay of over three years to pose "follow up" questions has not made this information-gathering process any easier. The situation is exacerbated by the fact that USAir has undergone a very significant reorganization in the interim. Accordingly, attempting to reconstruct facts regarding operations that have been closed since the late 50's, and which were operated by a defunct corporation, is, to say the least, a difficult task. Notwithstanding that fact, USAir has compiled the following responses to your information requests. It must be noted, however, that given the passage of time, USAir simply has not been able to locate information responsive to some of your questions.

Initially, USAir must clarify the appropriate time period potentially relevant to your inquiry. Based upon information provided by the government and in Mr. Peirce's deposition, it is our understanding that the Moira facility did not begin operations until 1953. In addition, as was explained in USAir's January 18, 1989 settlement proposal to DOJ (See Exhibit B), Mohawk's maintenance facility moved from Ithaca, New York, to Utica, New York in or around 1958, and from Utica to Pittsburgh, Pennsylvania in or around 1972. Because USAir has no information that Mohawk's Utica facility is in any way connected to the York Oil Site or to Peirce Brothers' Oil Service, USAir's responses hereto are limited to Mohawk's operations in Ithaca, New York.³ Accordingly, the relevant time period for Mohawk's Ithaca facility is 1953 to 1958.⁴

Subject to the foregoing, the following comprises USAir's responses to USEPA's May 15, 1991 request for information:

³ This approach is consistent with the limitations set forth in Question Number 2 through 5 of USEPA's request for information.

⁴ USAir notes that EPA purports in Question No. 2 to have information regarding waste oil removed from the Ithaca facility "during the period from the late 1950's to the early 1960's." USAir is unaware of any information that would support this allegation, and has propounded a request for information pursuant to the Freedom of Information Act, 5 U.S.C. Section 552, to gain access to this "information."

- 1.a. As stated in response to Question 3(a) to USEPA's March 18, 1988 information request letter, USAir has located no documents regarding the volumes of the petroleum oils and petroleum and mineral based hydraulic fluids that may have been used by Mohawk during the relevant time period. However, in connection with the preparation of USAir's January 18, 1989 settlement proposal, USAir personnel familiar with Mohawk's operations reviewed general information relating to the size of Mohawk's fleet and the amount of oil that may have been discarded, and developed a worst case scenario estimate of waste oils that could have been generated through aircraft engine service during the relevant time period. See Exhibit B. Based upon best recollections of Mohawk's operations and our understanding of the Peirce Brothers' operations, there simply is no way that the entire amount estimated in Exhibit B could have found its way to the Moira Site. Again, it must be emphasized that there is no credible evidence that any of Mohawk's waste oil or other material was transported by Peirce Brothers to any location, let alone to the Moira Site.
- 1.b. Mohawk's maintenance operations reportedly had several uses of oils and hydraulic fluids. Generally, these fluids were used to lubricate engine components and to operate hydraulic systems such as landing gear, steering and braking systems and other similar components. In addition, these fluids would have been used in ground equipment maintained by Mohawk, such as fuel trucks, "tugs" (small vehicles used to move baggage carts) and similar vehicles used to service the aircraft. Although it is difficult to generalize, some of the materials these fluids may have come in contact with during their normal uses include aluminum, aluminum cast, magnesium stainless steel, and chromium. No specific information has been found regarding the suppliers of these fluids or the operating temperature ranges to which they may have been subjected during use.
- 1.c. On those few occasions when oil would be drained from engines for service, the normal procedure reportedly was to drain the oil into barrels. Some former employees recall subsequently emptying the barrels into a storage tank, while others have no such recollection. Some former employees recall excess oil occasionally being used as a dust suppressant on local roadways. USAir has not located any documents or written records regarding the disposal of these fluids.

2. USAir initially notes that it is quite unclear whether a waste oil storage tank was located at Mohawk's Ithica facility. See also footnote 4, supra. Accordingly, USAir has no information that is directly responsive to Question Number 2. However, subject to the time limitation noted above, and not in any way admitting that such an alleged tank may have existed, USAir is providing the following general information regarding Mohawk's Ithica facility to assist USEPA in its information-gathering process:
- a. See response to Question Number 1.b.
 - b. See responses to Question Numbers 1.b. and 1.c. In addition, based upon the statements of numerous former employees, we are confident that the vast majority of what may have been stored at the facility and ultimately disposed of was engine oil, although very small amounts of cleaning solvents and/or airplane fuel may have also been included on a sporadic basis. Reportedly, some employees sometimes would utilize excess oil in their own personal automobiles. As mentioned above, some former employees recall excess oil occasionally being used as a dust suppressant on local roadways
 - c. See response to Question Number 1.b. USAir has been unable to locate any documents that identify manufacturers, models and years of airplane engines repaired at the facility. However, former employees interviewed recalled that during the relevant time period, the Wright R1820 the Pratt and Whitney R2800 engines may have been utilized in Mohawk's fleet.
 - d. See response to Question Number 1.c.
 - e. USAir has located no information regarding any analyses or tests performed on waste oils generated during the relevant time period.
3. USAir has no information responsive to Question Number 3 regarding any materials that may have been placed in the Mohawk Storage Tank as that term is defined by USEPA during the period from about 1966 to about 1978.
4. No information or documents were located relating to the actual ownership of the Mohawk Storage Tank as that term has been used in USEPA's request for information. Reference is also made to Response 3.a. in USAir's April 19, 1988 letter.

5. EPA's Question No. 5 is based upon the unsupportable assumption that at some point in time, Mohawk generated and/or maintained records related to its waste activities. To the extent that any such records may have been generated, they would have been handled in accordance with whatever document retention policy existed at Mohawk. As stated throughout this response, and as was pointed out in USAir's April 19, 1988 response, a thorough search of available records has produced no documents which relate to the waste activities at Mohawk Airlines.

The following former Mohawk employees were interviewed in connection with compiling portions of the foregoing information:

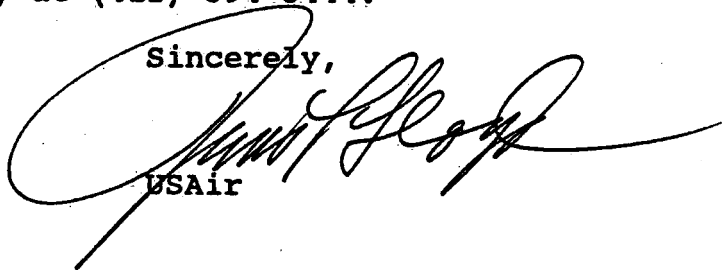
- Dick Kollman (retired) FOIA EX. 6
- Edward C. Potter (retired) FOIA EX. 6
- Elwood Butterfield (retired) FOIA EX. 6

In closing, USAir notes that many of the questions posed by USEPA in its May 15, 1991 Request for Information arguably have no relevance to the proper thrust of the York Oil Site inquiry. However, to assist USEPA and DOJ in gathering information to support the de minimis determination DOJ and USEPA previously made relative to USAir, USAir has refrained from interposing any objections on this basis.

In addition, although USAir has made every effort to respond to this second request for information, in making such responses, USAir does not purport to have adopted or applied any of the Instructions or Definitions as set forth in USEPA's May 15, 1991 correspondence, to the extent that they are broader than the requirements and terms contained in CERCLA. Furthermore, USAir does not or has not assumed improper, incorrect, unproven or hypothetical facts set forth in, implied or alluded to in USEPA's request for information. Finally, by providing the responses herein, USAir does not intend and shall not be construed to have waived its right to object on the ground of competency, privilege (including, without limitation, the attorney-client privilege, the work product doctrine and any and all other privileges recognized under federal law), relevancy, materiality or any other proper grounds to the use of any such responses, for any purpose, at any subsequent time.

Please direct any questions you may have regarding this matter to Lindsay P. Howard, at (412) 394-5444.

Sincerely,

A handwritten signature in black ink, appearing to read "Lindsay P. Howard", written over the word "USAir".

USAir

USA/dcp

cc: Michael A. Mintzer, Esquire (w/Enc.)
Lindsay P. Howard, Esquire (w/Enc.)



GREATER PITTSBURGH INTERNATIONAL AIRPORT • PITTSBURGH, PA 15231

April 19, 1988

Ms. Sherrel D. Henry
U.S. Environmental Protection Agency
Region II
Site Compliance Branch
Room 747
26 Federal Plaza
New York, NY 10278

Re: York Oil, Moira, New York

Dear Ms. Henry:

This letter responds to an information request letter dated March 18, 1988, from Region II of the United States Environmental Protection Agency (EPA) regarding the above-referenced Superfund action. At the outset, USAir, Inc. ("the Company") states that a thorough search of available records has produced no documents which relate in any manner to the waste activities of Mohawk Airlines, Inc. which was merged into Allegheny Airlines, Inc. in 1972. Consequently, answers are not available for a majority of the questions posed by the March 18, 1988 letter. Notwithstanding the foregoing, the Company provides the following answers to the questions you raised:

Introduction The Company has no reason to believe that Mohawk Airlines, Inc. or Allegheny Airlines, Inc. generated any wastes which came to be located at the York Oil Site.

1.a. USAir, Inc.

Note that Mohawk Airlines, Inc. was merged into Allegheny Airlines, Inc. in 1972. In 1979, Allegheny Airlines, Inc. changed its name to USAir, Inc. In 1983, USAir, Inc. created a holding company, with USAir Group, Inc. as the parent company and USAir, Inc. continuing as the operating company. Other subsidiaries of USAir Group, including Piedmont Aviation, Inc., have been acquired or established subsequently.

Ms. Sherrel D. Henry
April 19, 1988
Page 2

- 1.b. Edwin I. Colodny, Chairman of the Board and President of USAir, Inc., Washington National Airport, Washington, D.C. 20001.
- 1.c. Incorporated in Delaware
Agent for service of process
Delaware: CT Corporation System
100 West Tenth Street
Wilmington, DE 19801
New York: CT Corporation System
1633 Broadway
New York, NY 10019
- 1.d. See answer to question 1.a. above.
- 1.e. USAir Group, Inc. Incorporated in Delaware; Agent for service of process in Delaware: same as 1.c. above. No agent for service of process in New York.
2. The Company has never owned the facility as described in question No. 2. The Company has never leased the facility to other businesses. It is possible that the owner of the facility during the Company's use was an airport authority, although no records have been found which would substantiate this possibility.
- 3.a. It is believed that petroleum oils and petroleum and mineral based hydraulic fluids would have been used in aircraft servicing processes during the time in question. However, no records exist that would identify the principal components, sources or volumes of these materials.
- 3.b. Not applicable,
4. The Company Inc. has found no documents which indicate that materials containing PCBs were present at the site.
5. See answer to question No. 4.
6. The Company has found no documents which indicate that any materials were removed by the entities described in question No. 6.

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7. The Company has found no documents which relate to the information requested in question No. 7.
8. The letter dated March 18, 1988 does not contain a question No. 8.
9. The Company has found no documents which relate to the information requested in question No. 9
10. The Company has found no documents which relate to the information requested in question No. 10.
11. The Company has found no documents which relate to the information requested in question No. 11.
12. The Company is unaware of any agreement or contract (other than an insurance policy) which may indemnify the Company, present owners of shares in the Company or past owners of shares in the Company, for any liability that may result under CERCLA for any release of hazardous substances.
13. The Company's Insurance Department has indicated that prior to 1972, Allegheny Airlines, Inc. may have had insurance policies in place which did not contain specific exclusions regarding environmental coverage. The Insurance Department's files, however, do not contain policies that were in effect during that time period. Whether existing insurance policies would indemnify against CERCLA liability requires a legal conclusion which cannot be determined at this time. The Company is willing to provide copies of relevant insurance policies should Region II request.
14. The Company is providing a copy of USAir Group, Inc.'s Annual Report for 1987 which contains a full discussion of the financial condition of the Company.

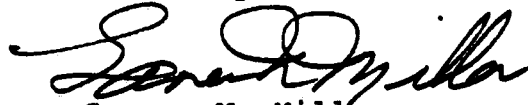
The information contained in this letter was provided by Robert A. Hazel, Senior Attorney, USAir, Inc. R. L. Kollman, Director of Maintenance Facilities, USAir, Inc., Stuart J.

Ms. Sherrel D. Henry
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Tuchman, Assistant Vice President, Pensions and Insurance, USAir, Inc. and Roy A. Williams, Regional Director - Properties.

The Company hereby requests all information in Region II's possession which would indicate any involvement by the company or its predecessors in interest with the York Oil Site. Please send all information to Dean A. Calland, Esquire, at Babst, Calland, Clements & Zomnir, P.C., Two Gateway Center, 8th Floor, Pittsburgh, Pennsylvania 15222.

Sincerely,



Garner W. Miller,
Senior Vice President -
Maintenance and Engineering

DAC/kd

cc: Robert A. Hazel, Esquire
Dean A. Calland, Esquire

**BABST
CALLAND
CLEMENTS
AND
ZOMNIR**

A PROFESSIONAL CORPORATION

JAMES A. BOLLENBACHER
Attorney At Law
(412) 394-5400

January 18, 1989

VIA TELECOPY

Melissa Marshall, Esquire
Environmental Enforcement Division
United States Department of Justice
Box 7611
Ben Franklin Station
Washington, D.C. 20044

Re: United States of America v. Peirce, et al.

Dear Ms. Marshall:

We have undertaken a comprehensive review of the facts in the above referenced matter which you have provided to us as well as the facts which we have uncovered in our internal investigation and interview of Mr. Leland Nickerson. The purpose of this letter is to analyze the case as we see it and propose a reasonable settlement on behalf of USAir.

With respect to Mohawk Airlines (USAir), the United States originally took the position that Mohawk contributed 250 gallons of waste per week to the Moira site between 1950 and 1960 or 1961. This was based on the assumption that Mr. Nickerson picked up this waste at the Mohawk facility in Ithaca during this time period. Another driver, John Martin, claims to have picked up 200 gallons of waste a month from the Utica facility from 1966 to 1978. Based on the information which you have given us, and which was contained in the deposition of Mr. Peirce, we believe that the relevant dates for the operation of the Moira facility were from 1953 to 1965. After that time period little, if any, oil would have been contributed to the site to be cleaned up. In addition, our internal investigation indicates that in 1958 Mohawk's maintenance facility moved from Ithaca to Utica. In 1972 the maintenance facility again moved from Utica to Pittsburgh. Therefore, because Mr. Martin's pick-ups post date operations at Moira, the relevant time period for Mohawk's contribution to the Moira facility is 1953 to 1958.

When we interviewed Mr. Nickerson on January 5, 1989, he stated that he could not set forth an amount of waste that he picked up at any facility including the Mohawk facility. This was because there was no device by which he measured the amount of waste entering his truck from the facility's tank. He "estimated" that at the Mohawk facility in Ithaca he could have picked up anywhere from 25 to 250 gallons each week. If his statement is to be believed, and USAir believes that it is inaccurate, USAir's quantity range for the relevant time period is 6500 gallons to 65,000 gallons. The average of this range is 35,750 gallons. These numbers were calculated according to the procedure that you explained to me for determining quantity amounts for each defendant.

As I explained to you at our meeting in Syracuse, USAir's own internal study indicates that even less waste could have been picked up at the Ithaca site during the relevant years. We reviewed all of the information relating to the size of our fleet and the amount of oil that would have been discarded assuming a worst case scenario. The engine oil for each plane was drained only at the time of an engine change (which was the standard operating procedure at the time). Engines were changed after a set number of flight hours. We assumed that the aircraft in our fleet were operated 8 hours per day, 365 days a year. We also assumed that the oil that was drained from the oil tanks was based on a full tank of oil and that waste oil from premature engine removals at other locations were returned to the maintenance base at Ithaca for disposal. Based on these assumptions we calculated the number of times the engines were changed each year based on FAA approved engine overhaul frequency. Based on the number of aircraft in the fleet for each year we concluded that Mohawk may have generated of the following maximum monthly quantities:

1953 - 113 gallons
1954 - 118 gallons
1955 - 105 gallons
1956 - 145 gallons
1957 - 138 gallons

According to this study Mohawk could have only contributed 7,428 gallons to the site during the relevant time period. Although this study does not include airplane fuel or cleaning solvents we are confident that the vast majority of what went into the tank and was disposed of was engine oil. This is based on the statements of numerous former employees that cleaning solvent was flushed down the drain in the maintenance shop and that airplane fuel was drained and thrown away only when water was discovered in the tanks.

Nevertheless, for purposes of this settlement only, USAir is willing to assume that the amount that we disposed of was twice what we believe our maximum amount could possibly be. This fairly compensates for any amounts of cleaning solvent and airplane fuel that could have been included with the oil. By our calculations this amount - 14,856 gallons - is approximately 1% of the total volume contributed by the parties to the York Oil site. It translates to 57 gallons per week which is consistent with what Mr. Martin claims to have picked up in 1966 when our fleet was larger.

It is our understanding that under the terms of the settlement and consent decree we would qualify as a de minimus party. Thus, our offer to contribute to the settlement would be on the basis of a de minimus party (1% contribution to the site). Because we do not know the exact terms of the agreement with the de minimus parties, we cannot specify the dollar amount that this percentage would represent. Moreover, such an offer would be contingent, of course, upon our review of the terms and conditions of the Agreement. If you could provide us with the information concerning the de minimus parties we would then be able to specify the exact dollar amount of our offer.

We realize that this figure is substantially less than the 10.3 % originally established by the government. That figure, however, was based on an incorrect weekly quantity as well as an overstated relevant time period. We believe that our settlement offer is a reasonable accommodation between Mr. Nickerson's "estimate" and the worst case scenario study done by USAir.

Moreover, we believe that the Government should recognize that difficulties do exist if you proceed to litigation. For example, there is some question as to whether Mr. Nickerson is qualified to identify the substance that he or other drivers picked up as a hazardous substance. It is questionable that Mohawk or USAir would be bound by the statement of an unidentified Mohawk employee that the material was hazardous. Also, Mr. Nickerson only picked up the oil for one year and that may have been prior to 1953 when the Moira facility began to operate. Therefore, he would have to rely on hearsay evidence that his other drivers picked up the material. Of course, the government also must prove that our oil or a mixture containing our oil was transported from Central Square to Moira.

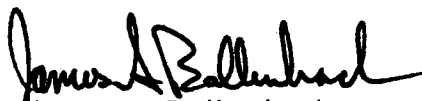
Finally, two legal issues cloud the certainty of this case. First, is the existence of the petroleum exclusion which is being litigated around the country. Also, a number of courts have held that a product that is sold to be used as a part of a manufacturing process is not to be considered as having been "disposed of" for purposes of Superfund liability. Our product was given to Peirce Oil to be reprocessed and used as part of the rose growing process or to be sold to other companies to use as fuel in their manufacturing processes. We believe we may be able to prove that we did not arrange for the disposal of waste.

Please contact me after you have had an opportunity to review this offer and discuss it with your client.

Very truly,



Dean A. Calland



James A. Bollenbacher

DAC/dm

C



DTB:MPM
90-5-2-1-585

Washington, D.C. 20530

January 30, 1989

BY TELEFAX

James A. Bollenbacher, Esq.
Babst, Calland, Clements & Zomnir
Two Gateway Center
Eighth Floor
Pittsburgh, Pennsylvania 15222

Re: United States v. Kenneth Peirce, et al., Civil
Action No. 83-CV-1623 (N.D.N.Y.)

Dear Mr. Bollenbacher:

Thank you for communicating USAir's settlement offer in the above-referenced matter. We have reviewed the information that you provided in explanation of the offer and have determined that the offer is unacceptably low. It does, however, provide a basis on which to pursue settlement between the United States and USAir.

Initially, I would like to clarify the relevant dates: The York Oil Site was operated as a waste oil recycling facility from around 1953 through, at least, December 1965. The recycling conducted at the Site was a 'washing' or cleaning process that resulted in an oily sludge which was dumped in the three lagoons on the Site. From approximately 1966 until 1977, waste oil was brought to the Site for storage; release of waste oil onto the ground at the Site was a routine occurrence during this period. Therefore, the Site was in fact used as a hazardous waste storage, treatment or disposal site continuously from 1953 through 1977, and the environmental hazards present today were caused by both operations.

In discussing USAir's potential contribution of waste to the York Oil Site, you confine your estimations to the years 1953 through 1957. The negotiations with the other PRPs have not made explicit differentiation between the two time periods at the Site, in recognition of the concept of strict liability. Therefore, we are unwilling to ignore evidence provided by Mr. Martin that he removed approximately 200 gallons per month of

waste oil from a Mohawk Airlines facility between 1966 and 1977. He has stated that for the years 1966 through 1968, he is certain that 80% of this oil was delivered directly to the York Oil Site.

Under the terms of the present settlement, USAir is not in the same position as the de minimis settlers; each of those parties was ranked as contributing one percent (1%) or less of the hazardous wastes found at the Site: Given the 1% contribution figure that you offered with respect to the 1953 through 1957 time period, it is appropriate to add another 1% in volumetric contribution to account for the years during which Mr. Martin removed Mohawk waste oil. In accordance with this combined revised estimation, USAir's contribution is approximately 2%. Despite the fact that a 2% contribution is in excess of the 1% contribution figure that was used as the cut-off for determining whether or not a party qualified as de minimis, for purposes of these present discussions only we are willing to settle with USAir along essentially the same lines as the settlement reached with the de minimis settlers. In return for a premium paid, which would be in addition to the estimated volumetric contribution, USAir would receive a broad release not available to the non-de minimis settlers that would cover USAir's exposure for past costs as well as provide complete contribution protection for both past and future costs. Under this approach, we would agree to a payment by USAir of 4% of the total future costs of \$7,500,000.00 (i.e. \$300,000.00) in final settlement.

In closing, I would like to note that we do not regard either the petroleum exclusion or sale of a product to be used as part of a manufacturing process to be issues in this case. Essentially, the petroleum exclusion is inapplicable because the waste oil that contaminated the York Oil Site contained non-indigenous, non-refinery-added hazardous substances. As to the 'sale of a product to be used' argument, we believe that the facts of this case preclude it.

I look forward to hearing from you at your earliest convenience.

Sincerely,

Acting Assistant Attorney General
Land and Natural Resources Division

By:


Melissa Page Marshall
Trial Attorney
Environmental Enforcement Section

cc: Elena Kissel, Esq.
Mike Northridge, Esq.
Craig Benedict, Esq.

D

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

v.

KENNETH PEIRCE,
ALUMINUM COMPANY OF AMERICA,
and REYNOLDS METALS COMPANY,

Defendants;

Civil Action No.
83-CV-1623

Hon. Thomas J. McAvoy

ALUMINUM COMPANY OF AMERICA
and REYNOLDS METALS COMPANY,

Third-Party Plaintiffs,

v.

BETHLEHEM STEEL, U.S. AIR GROUP,
INC., ITHACA ACQUISITION CORP.,
EASTMAN KODAK CORP., RJR NABISCO,
INC., TEXTRON, INC., HALCOMB STEEL,
GENERAL ELECTRIC CO., CHRYSLER
CORP., BRISTOL-MYERS CO., CARRIER
CORP., CITGO PETROLEUM CORP., and
ALLIED SIGNAL CORP.,

Third-Party Defendants.

JOINT STATEMENT OF THE PARTIES TO THE COURT
REGARDING THE STATUS OF THE CASE

A settlement involving approximately ten parties and resolving over half of the costs involved in cleaning up the York Oil Superfund Site has been agreed upon and negotiations of the terms of the Consent Decrees are currently in progress. The settling parties include the federal facilities, a number of de

de minimis generators (pursuant to Section 122(g) of CERCLA, 42 U.S.C. § 9622(g)) and Aluminum Company of America ("Alcoa").

Pursuant to the terms of the agreements reached by these parties, most of the parties will contribute a percentage of the future cost of the cleanup proportionate to the estimated amount of waste oil each contributed to the York Oil Site¹, each party will pay a portion of the past costs and Alcoa will undertake the cleanup of the site. The Hazardous Substances Trust Fund will fund the percentage not paid by the settling parties.

The settlement negotiations have been protracted due to the complexity of the funding and cleanup issues involved at the Site. The parties do anticipate completion of the settlement documents within a few weeks. The United States is also presently addressing the possibility of settlement with two additional parties.

Reynolds Metals will soon be serving its third-party complaint on Niagara Mohawk Power Company. The United States and Alcoa intend to pursue the litigation against the non-settlers after the terms of the Consent Decrees have been made final. The parties have been concentrating on negotiating the terms of the Consent Decrees in order that cleanup of the Site can begin as soon as possible.

¹ At least two of the de minimis settlers specifically do not, by entering into one of the settlements, admit that they contributed any waste oil to the Site and are not entering into such settlement on the basis of an estimated contribution.

Defendant Kenneth Peirce takes the position that his indemnity cross-claims are not affected by any anticipated settlement.

All of the parties involved in this matter have been contacted with respect to this Joint Statement and each has had the opportunity to participate in the drafting of the Statement.



Melissa Page Marshall
Attorney
U. S. Department of Justice

E

**BABST
CALLAND
CLEMENTS
AND
ZOMNIR**
A PROFESSIONAL CORPORATION

LINDSAY P. HOWARD
Attorney at Law
(412) 394-5444

February 5, 1990

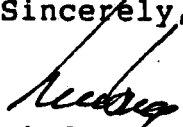
Melissa P. Marshall, Esquire
Environmental Enforcement Division
United States Department of Justice
Box 7611
Ben Franklin Station
Washington, D.C. 20044

RE: United States of America v. Peirce, et al.

Dear Melissa:

Just a reminder that I am still awaiting word from you with respect to the revised draft Consent Decree relative to the above-captioned matter. Please advise me if there has been a change in the status of this matter.

Sincerely,


Lindsay P. Howard

LPH/tmm

F



U.S. Department of Justice

DTB: DGF
90-5-2-1-585

Washington, D.C. 20530

April 3, 1990

VIA AIRBORNE EXPRESS

The Honorable Thomas J. McAvoy
United States District Judge
United States District Court for
the Northern District of New York
Federal Building and Courthouse
15 Henry Street
Binghamton, New York 19301

Re: United States v. Kenneth Pierce, et al.,
Civil Action No. 83-CV-1623 (N.D.N.Y.)

Dear Judge McAvoy:

Your Deputy Clerk, Paula Ashman, has requested that I provide you with a status report concerning the above-referenced action. As discussed below, the United States expects that it will be able to finalize two separate consent decrees in this action within the next several months, and plans to pursue this action against non-settlers after the decrees have been entered.

The United States is in the final stages of negotiating a Consent Decree that will be entered into by defendant Aluminum Company of America ("Alcoa") and by the United States Department of the Army and the United States Department of the Air Force, which are both counterclaim-defendants in this action. The Consent Decree, which has involved many months of difficult negotiations between EPA, Alcoa, and the Federal Departments, will result in a clean-up of the York Oil Superfund Site in accordance with the remedy selected by EPA in its February 1988 Record of Decision.¹ The Decree has taken longer to negotiate

¹ For the purposes of investigation and remediation, the York Oil Site was divided into two operable units: the Site Proper Operable Unit, consisting of approximately 17 acres where the source of the contamination is located, and the Second Operable Unit, which will address possible migration of contaminants off-site. Both of the consent decrees that are discussed in this letter will address only to the Site Proper Operable Unit, as EPA has not yet completed its investigation of
(continued...)

than previously expected due to the complicated nature of the Decree, which is over 70 pages.

At present, we are still ironing out several terms of the Consent Decree with the two Federal Departments. We expect that we will be able to reach a final agreement within the next several weeks. Once the parties have signed the Decree, and the Decree has been approved by the Assistant Attorney General for the Land and Natural Resources Division of the Justice Department, the Decree will be lodged with the Court pursuant to Section 122(d)(2) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. § 9622(d)(2). After a 30-day public comment period, as provided for in Section 122(d)(2)(B) of CERCLA, 42 U.S.C. § 9622(d)(2)(B), the United States will file a motion for entry of the Decree.²

The United States is also in the process of negotiating a separate De Minimis Consent Decree with eight other parties to this action, as well as with one other company that has not yet been named as a defendant in this action. This De Minimis Consent Decree is being negotiated pursuant to Section 122(g) of CERCLA, 42 U.S.C. § 9622(g), which provides that EPA may enter into de minimis settlements with parties when both of the following are minimal in comparison to the other hazardous substances at a site: (1) the amount of the hazardous substances sent to the site by the party and (2) the toxic or other hazardous effects of the substances contributed by the party. Pursuant to this De Minimis Consent Decree, each of the parties to the Decree will be required to make a payment of a fixed sum.

The negotiation of this De Minimis Consent Decree has been on hold for several months due to the negotiations that have been taking place concerning the main Consent Decree discussed above. We expect that we will be able to reach a final agreement with respect to this De Minimis Consent Decree in the near future. Once we have reached a final agreement, the Decree will be lodged

¹(...continued)
the Second Operable Unit.

² The United States will provide the Court with a more detailed description of the terms of this Consent Decree when the Decree has been finalized and signed by the settling parties.

with the Court for a 30-day public comment period, after which the United States will file a motion for entry of the Decree.³

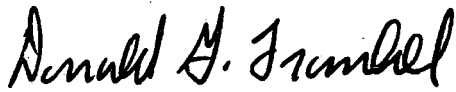
Once the two consent decrees discussed above have been finalized, the United States intends to pursue this litigation against other potentially responsible parties that have not settled with the United States. Pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), the United States will seek to recover from these non-settlers all costs incurred by the United States for removal and/or remedial actions at the Site in connection with the Site Proper Operable Unit that are not recovered from the settling parties pursuant to these two consent decrees.

Finally, I have enclosed a Notice of Appearance. Melissa Marshall, who previously represented the United States in this action, recently left the Justice Department to take a position in private practice.

Please inform me if I can be of any further assistance to the Court in connection with this matter.

Sincerely,

Assistant Attorney General
Land and Natural Resources Division

BY: 
Donald G. Frankel
Trial Attorney
Land and Natural Resources Division
United States Department of Justice
P.O. Box 7611
Benjamin Franklin Station
Washington, D.C. 20044-7611
(202) 633-2639

cc: Counsel of Record

Encl.

³ As noted above with respect to the main Consent Decree, the United States will provide the Court with a more detailed description of this De Minimis Consent Decree once a final agreement has been reached.

G

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CLEMENTS
AND
ZOMNIR**

A PROFESSIONAL CORPORATION

LINDSAY P. HOWARD

Attorney at Law
(412) 394-5444

August 2, 1990

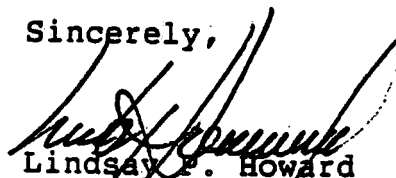
Donald G. Frankel
Trial Attorney
Land and Natural Resources Division
United States Department of Justice
P.O. Box 7611
Benjamin Franklin Station
Washington, D.C. 2004-7611

RE: U.S. v. Peirce, et al, C.A.
No. 83-CV-1623 (N.D.N.Y.)

Dear Mr. Frankel:

As you will recall, this firm represents USAir, Inc. (Mohawk Airlines) with regard to the above-captioned matter. As I am sure is the case with all other de minimis parties at this Site, USAir is anxious to resume substantive discussions regarding the de minimis settlement previously negotiated with Melissa Marshall. Please give me a call at your earliest convenience so that we can discuss this matter in greater detail.

Sincerely,



Lindsay P. Howard

LPH/dcp

cc: Monica H. Roye, Esquire

H



U.S. Department of Justice

DTB:DGF
90-5-2-1-585

Washington, D.C. 20530

September 11, 1990

Lindsay P. Howard
Babst Calland Clements & Zomir
Two Gateway Center
Eighth Floor
Pittsburgh, Pa 15222

Re: United States v. Kenneth Pierce, et al.,
Civil Action No. 83-CV-1623 (N.D.N.Y.)

Dear Mr. Howard:

I am writing in response to your letter of August 2, 1990 concerning the above-referenced matter. I apologize for the delay in getting back to you. Please be advised that we have not yet reached a final agreement with respect to the main decree in this action. When we do so we will resume negotiations with the de minimis parties. I hesitate to predict when this will occur, as my prior estimates have been overly optimistic. However, I do expect that we will be resuming negotiation of the de minimis decree within the next four to five weeks.

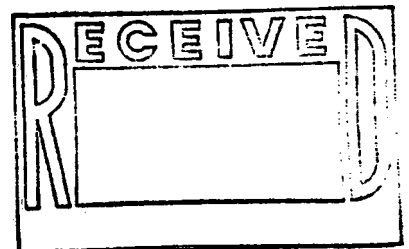
Please let me know if you have any further questions concerning this matter.

Sincerely,

Assistant Attorney General
Environment and Natural Resources Division

Donald G. Frankel
Trial Attorney
Environmental Enforcement Section
Environment and Natural Resources Division
United States Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044
(202) 514-2639

cc: Elena Kissel, Esq.





DEC - 7 1990



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION II
26 FEDERAL PLAZA
NEW YORK, NEW YORK 10278

NOV 29 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

List of Addressees attached

Re: Notice for the Contamination Pathways Remedial Investigation and Feasibility Study at the York Oil Site, Moira, Franklin County, New York

Dear Sir/Madam:

As you are aware from previous written correspondence from the United States Environmental Protection Agency ("EPA") and/or from your involvement in the United States v. Peirce et al. (N.D.N.Y.) litigation, EPA is charged with responding to the release or the threatened release of hazardous substances, pollutants, and contaminants into the environment, and with enforcement responsibilities under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended ("CERCLA"), 42 U.S.C. Section 9601-9675. EPA considers you to be a potentially responsible party ("PRP") at the York Oil site (the "Site"), located in Moira, Franklin County, New York, pursuant to Section 107(a) of CERCLA, 42 U.S.C. Section 9607(a). PRPs under CERCLA include current and former owners and operators of the Site as well as persons who arranged for disposal or treatment of hazardous substances sent to the Site, or persons who accepted hazardous substances for transport to the Site.

The Site is being addressed in two operable units, source control and contamination pathways. On February 9, 1988, EPA signed a Record of Decision with respect to the source control operable unit. The selected remedy includes, among other elements, excavation and on-site solidification/stabilization ("S/S") of the contaminated soils and sediments, off-site thermal treatment of the contaminated oils, pumping and treatment of the contaminated groundwater, and treatability studies to determine the effectiveness of S/S for the Site's soils.

This letter addresses the contamination pathways portion of the Site. The contamination pathways operable unit will address contaminant migration from the Site.

Through a cooperative agreement with EPA, a remedial investigation and feasibility study ("RI/FS") for the contamination

pathways was initiated by New York State Department of Environmental Conservation's ("DEC's") consultant, Erdman, Anthony Associates ("EAA").

However, following the completion of some of the RI field work by EAA, to expedite this portion of the project, DEC transferred the responsibility for the remainder of this RI/FS to EPA. EPA, through its contractor, Ebasco Services, Inc., is currently evaluating the RI data previously collected by EAA, and is prepared to undertake the uncompleted RI/FS activities.

Unless EPA determines that a PRP will properly perform the contamination pathways RI/FS, EPA intends to do so itself pursuant to the applicable provisions of CERCLA. By this letter, EPA notifies you of your potential liability with regard to this matter and encourages you to cooperate with EPA and other PRPs to reach an agreement for undertaking this RI/FS. A list of the names and addresses of PRPs to whom this notification is being sent is enclosed.

Under Section 107(a) of CERCLA, PRPs may be liable for any costs incurred by the government in taking response actions at the Site not inconsistent with the National Contingency Plan, 40 C.F.R. Part 300. Such costs may include, but not be limited to expenditures for investigations, planning, and cleanup of the Site and enforcement.

✓ We wish to determine whether you are willing to perform or fund the above-referenced RI/FS in EPA's stead. Any agreement by you to perform the RI/FS must be memorialized in an administrative consent order issued by EPA under Section 106(a) or Section 122 of CERCLA. Should you not volunteer to perform or fund the work, EPA will proceed with the work itself (the costs of which you may be held liable for under Section 107(a) of CERCLA), or in the alternative, EPA may require you to perform the work, pursuant to Section 106(a) of CERCLA.

Please notify EPA within twenty-one (21) days of your receipt of this letter as to whether you are prepared to perform or fund the above-referenced RI/FS. If you are so prepared, please provide the name, address and telephone number of the individual(s) who will coordinate the commencement and completion of this work on your behalf. If you timely express a willingness to conduct the RI/FS, there will be a limited additional time period within which an administrative consent order will need to be negotiated and finalized.

If a willingness to conduct this work is expressed, a meeting can be arranged for EPA to meet with all PRPs to discuss the implementation of the contamination pathways RI/FS for this Site.

Your reply to this letter should be sent to:

Joel Singerman, Chief
Western New York Remedial Action Section
U.S. Environmental Protection Agency
26 Federal Plaza, Room 29-102
New York, New York 10278

A copy of your reply should be mailed to:

Ms. Elena Kissel, Esq.
Office of Regional Counsel
U.S. Environmental Protection Agency
26 Federal Plaza, Room 437
New York, N.Y. 10278

If you do not respond in the manner and within the time period specified above, we will assume that you decline to perform or participate in the RI/FS.

Special notice procedures outlined in Section 122(e) of CERCLA are not applicable to this notification as the use of those procedures would not facilitate an agreement or expedite the RI/FS in this case.

Nothing in this letter should be construed to waive EPA's right to commence the RI/FS during the period within which your response is to be submitted or during the subsequent period.

Please feel free to contact Mr. Singerman at (212) 264-1132 if you have any questions concerning this matter. You should direct any legal questions to Ms. Kissel at (212) 264-4877.

Thank you for your anticipated cooperation in this matter.

Sincerely yours,



Richard L. Caspe, P.E., Director
Emergency and Remedial Response Division

cc: Mr. David Markell, NYSDEC
Mr. Michael O'Toole, NYSDEC
Frank Csulak, NOAA
William Patterson, DOI

LIST OF POTENTIALLY RESPONSIBLE PARTIES

1. Aluminum Company of America
1501 Alcoa Building
Pittsburgh, Pennsylvania 15210
Attn: Mr. C. Fred Fetterols, President

cc: Marlene Jackson, Esq.
Aluminum Company of America
1501 Alcoa Building
Pittsburgh, Pennsylvania 15210
2. Secretary, United States Department of the the Air Force
Room 4E871
Pentagon
Washington, D.C. 20330

cc: Eileen McDonough, Esq.
United States Department of Justice
Environmental Defense Section
10th and Pennsylvania Avenue, N.W.
Room 7118
Washington, D.C. 20530

cc: Major Francis H. Esposito
AFRCE-ER
526 Title Building
30 Pryor Building, SW
Atlanta, Georgia 30335-6801
Re: Griffiss Air Force Base

cc: Staff Judge Advocate
416 CSJ/JA
Griffiss Air Force Base, NY 13441-5000

cc: Plattsburgh Air Force Base
Environmental Planning Branch
380 CES/DEEV
Plattsburgh, New York 12903-5000
Attn: Base Commander
3. Secretary, United States Department of the Army
Room 3E718
Pentagon
Washington, D.C. 20310

cc: Eileen McDonough, Esq.
United States Department of Justice
Environmental Defense Section
10th and Pennsylvania Avenue, N.W.
Room 7118
Washington, D.C. 20530

- cc: Department of the Army
Corps of Engineers
Watervliet, New York 12189
Attn: Mr. Francis O. Ryde, Lieutenant Colonel
- cc: Fort Drum
Headquarters, 10th Mtn. Division (LI)
AFZS-EH-E
Fort Drum, New York 13602-5097
Attn: Mr. John Warneck
4. Mr. Richard Gelb
Chairman of the Board
Bristol-Myers Company
345 Park Avenue
New York, New York 10154
- cc: William J. Bulsiewicz, Esq.
Assistant Division Counsel
Bristol-Myers Company
Industrial Division
P.O. Box 4755
Syracuse, New York 13221-4755
5. Mr. William Wilson, President
Carrier Corporation
Carrier Parkway
P.O. Box 4800
Syracuse, New York 13211
6. Mr. Ron Hall, President
Citgo Petroleum Corporation
6100 South Yale
Tulsa, Oklahoma 74102
- cc: Daniel R. Hale
Cities Service Oil and Gas Corp.
P.O. Box 300 Tulsa, Oklahoma 74102
7. Mr. Michael W. Grice
Chrysler Motors Corporation
Chrysler Center
12000 Chrysler Drive
Highland Park, Michigan 48288-1919
8. Mr. K. Whitmore, President
Eastman Kodak Company
343 State Street
Rochester, New York 14650

cc: Torger N. Dahl, Esq.
Eastman Kodak Company
Legal Department
343 State Street
Rochester, New York 14650

9. General Electric Company
Electronics Park
Syracuse, New York 13221
Attn: Mr. Dale M. McAllister

cc: John Kaloga, Esq.
Whiteman, Osterman & Hanna
1700 Liberty Building
Buffalo, New York 14202

cc: John Fryer, Esq.
Bond, Schoenbeck & King
One Lincoln Center
Syracuse, New York 13202

10. Robert K. DeVries
Corporate Counsel and Assistant Secretary
Nabisco Brands Inc.
P.O. Box 1937
East Hanover
New Jersey 07936-1937

cc: H. John Greeniaus
Nabisco Brands Inc.
100 DeForest Avenue
East Hanover, New Jersey 07936

11. Niagara Mohawk Power Corporation
300 Erie Boulevard West
Syracuse, New York 13202
Attn: Mr. John J. Hennigar

cc: William C. Weiss, Esq.
System Attorney
Niagra Mohawk Power Corp.
300 Erie Blvd. West
Syracuse, New York 13202

12. Peirce Oil, Mr. Kenneth Peirce
c/o Mr. Leslie N. Reizes, Esquire
Frielander, Friedlander, Reizes & Joch
425 Park Avenue
P.O. Box 109
Waverly, New York 14892

13. Reynolds Metals Company
6601 Broad Street Road
Richmond, Virginia 23261
Attn: Mr. William O. Bourke, President
- cc: Corrine Goldstein, Esq.
Covington & Burling
P.O. Box 7566
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044
- cc: Nancy L. Pontius, Esq.
Mackenzie, Smith, Lewis, Mitchell & Hughes
600 Onondaga Savings Bank Building
P.O. Box 4967
Syracuse, New York 13221
- cc: John Doyle, Esq.
Reynolds Metals Co.
6601 West Broad Street
Richmond, Virginia 23230
14. Mr. John W. Siedlecki
President
Bell Aerospace Textron
P.O. Box One
Buffalo, New York 14240-0001
- cc: Peter J. Burke, Esq.
Saperston & Day, P.C.
Goldome Center
One Fountain Plaza
Buffalo, New York 14203-1486
15. Garner W. Miller
Senior Vice President
Maintenance & Engineering
U.S. Air
Greater Pittsburgh International Airport
Pittsburgh, Pennsylvania 15231
- cc: Dean A. Calland, Esq.
Babst, Calland, Clements & Zomnir, P.C.
Two Gateway Center
8th Floor
Pittsburgh, Pennsylvania 15222

J

COVINGTON & BURLING

1201 PENNSYLVANIA AVENUE, N.W.

P.O. BOX 7566

WASHINGTON, D.C. 20044

(202) 662-6000

TELEFAX: (202) 662-6291

TELEX: 89-593 (COVLING WSH)

CABLE: COVLING

CORINNE A. GOLDSTEIN

DIRECT DIAL NUMBER

(202) 662-5534

December 26, 1990

ACHESON HOUSE

48 HERTFORD STREET

LONDON W1T7TF ENGLAND

TELEPHONE: 44-71-495-5655

TELEFAX: 44-71-495-3101

BRUSSELS CORRESPONDENT OFFICE

44 AVENUE DES ARTS

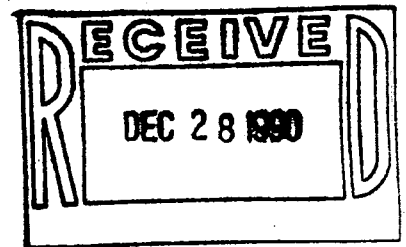
BRUSSELS 1040 BELGIUM

TELEPHONE: 32-2-512-9890

TELEFAX: 32-2-502-1598

VIA FEDERAL EXPRESS

Mr. Joel Singerman, Chief
Western New York Remedial
Action Section
United States Environmental
Protection Agency
26 Federal Plaza
Room 29-102
New York, NY 10278



Re: York Oil Site - Moira, New York
Contamination Pathways RI/FS
Response of De Minimis PRPs

Dear Mr. Singerman:

I am writing on behalf of the parties who have been negotiating with EPA for a de minimis settlement relative to the York Oil Site and who received EPA's letter of November 29, 1990 concerning the contamination pathways Remedial Investigation and Feasibility Study for the site. These companies are as follows:

1. Bristol-Myers;
2. Carrier Corporation;
3. Chrysler Motors Corporation;
4. Eastman Kodak Company;
5. Nabisco Brands, Inc.;
6. Reynolds Metals Company; and
7. USAir, Inc.

Two other companies have also been involved in the de minimis negotiations.

As you may know, in the fall of 1988, EPA and the de minimis parties in our group agreed upon a monetary settlement. In December 1988, the Department of Justice sent us a draft de minimis agreement. We submitted a revised draft agreement to DOJ in February 1989. These drafts were the outgrowth of meetings and conference calls between DOJ and the de minimis parties. A meeting was held with the DOJ attorney, Melissa Marshall, in November 1989 to discuss the very few unresolved issues relating to the decree. Since that time, DOJ has repeatedly requested that the de minimis group

Mr. Joel Singerman
December 26, 1990
Page 2


postpone finalizing our decree until DOJ completes the negotiations among the government, Alcoa and other potentially responsible parties who were viewed by all as having more responsibility for conditions at the site. It was understood that the de minimis agreement would be finalized once negotiations with the major players had concluded, and that the requested delay would not in any way adversely affect the de minimis parties' interests. With this understanding, the de minimis parties have patiently awaited the completion of the negotiations between the agency and Alcoa and have refrained from requesting a Rule 16 conference before Judge McAvoy.

We understand that EPA is willing to proceed with de minimis negotiations in accordance with its prior commitments to us and to the Court. In light of this situation, the companies who received EPA's November 29 letter are perplexed as to how they should respond, if at all.

We are prepared to meet immediately at your convenience, preferably before February 1, 1991, in order to address the pending de minimis agreement, how that agreement may affect our response to the November 29, 1990 letter, and what appropriate report or requests may need to be made to the Court. Because the nature and extent of our responses to the November 29, 1990 letter are inextricably linked to the scope and terms of our de minimis settlement, we would therefore request that the time for the undersigned companies to respond to the recent request for a Remedial Investigation and Feasibility Study at the site be extended until after this meeting is held.

I would appreciate it if you would contact me at your earliest convenience to discuss this request, so that I might inform the companies of EPA's response.

Sincerely yours,



Corinne A. Goldstein

On behalf of:
Bristol-Myers
Carrier Corporation
Chrysler Motors Corporation
Eastman Kodak Company
Nabisco Brands, Inc.
Reynolds Metals Company
USAir, Inc.

CAG/vch

cc: Elena Kissel, Esq.
Don Frankel, Esq.
De Minimis PRP Attorneys

JUN 03 1991

Mintzer

BABST
CALLAND
CLEMENTS
AND
ZOMNIR

A PROFESSIONAL CORPORATION

LINDSAY P. HOWARD

Attorney at Law
(412) 394-5444

May 28, 1991

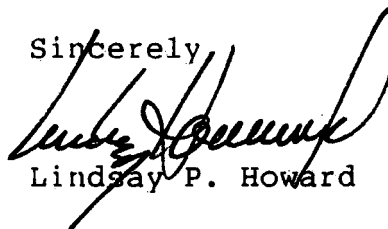
Michael A. Mintzer, Esquire
Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection Agency
Region II
Room 437
26 Federal Plaza
New York, New York 10278

Re: York Oil Site, Moira, New York -- Request for
Information

Dear Michael:

Confirming our conversation this evening, thank you for your consideration in granting USAir an extension of time up to and including June 14, 1991 within which to respond to the Agency's May 15, 1991 information request. Please contact me at the above number if you would like to discuss this matter further.

Sincerely,



Lindsay P. Howard

LPH/tjp

cc: Monica H. Roye, Esquire

IN DATE

DUNS: 62-166-3863
USAIR, INC.

DATE PRINTED
MAY 09 1991

RATING BRANCH

BOX 17572
WASHINGTON DC 20041
DULLES INT'L AIRPORT
WASHINGTON DC 20041
TEL: 202 661-8766

AIRLINE
SIC NO.
45 12

EMPLOYS 22

BRANCH MANAGER: UNDETERMINED

This is a branch: headquarters are located at 2345 Crystal Dr,
Arlington, VA. Headquarters D-U-N-S 00-691-9229. This branch
operates as an airline.

05-09(6AO /517)

061 162

FULL DISPLAY COMPLETE

PLEASE ENTER YOUR INQUIRY
(PHONE #, DUNS #, FULL NAME OR MNU):
dc

THESE ARE THE CLOSEST MATCHES IN THE CITY OF WASHINGTON

- 1 USAIR, INC.
- 2 USAIR, INC.
- 3 USAIR, INC.
- 4 USAIR, INC.
- 5 USAIR, INC.
- 6 USAIR, INC.
- 7 USAIR, INC.

NONE
NO PHYSICAL ADDRESS
1010-16TH ST NW
DULLES INT'L AIRPORT
1001 G ST N W
1601 K ST NW
1830 K ST N W

137708632 B
613971043 B
137360145 B
621663863 B
621693456 B
194510673 B
621688464 B

*These are the branches
listed for this inc in
Washington. I printed only
one. Do you need the others?*

IN DATE

Statement Date DEC 31 1990

DUNS: 00-691-9229
 USAIR, INC.
 (SUBSIDIARY OF USAIR GROUP,
 INC., ARLINGTON, VA)
 U S AIR SECURITY DEPARTMENT

2345 CRYSTAL DR
 AND BRANCH(ES) OR DIVISION(S)
 (CRYSTAL PK 4)
 ARLINGTON VA 22227
 TEL: 703 418-7000

CHIEF EXECUTIVE: EDWIN I. COLODNY, CHB-PRES

DATE PRINTED
 MAY 09 1991
 OPERATES A
 SCHEDULED AIRLINE

SIC NOS.
 45 12 45 81

SUMMARY
 RATING 5A3
 STARTED 1983
 PAYMENTS SEE BELOW
 SALES F \$6,137,533,000
 WORTH F \$1,790,584,000
 EMPLOYS 46,000
 (760 HERE)
 HISTORY CLEAR
 FINANCING SEC-UNSEC
 FINANCIAL
 CONDITION FAIR
 TREND DOWN

SPECIAL EVENTS

04/22/91 According to published reports, USAir has reached an agreement in principle to sell certain assets of San Diego subsidiary Pacific Southwest Airmotive to Aviall of Texas. Aviall will also assume the leases on Airmotive facilities, and Airmotive will discontinue operations.

04/15/91 Effective Jun 1 1991, Seth E. Schofield, president and chief executive officer, will succeed Edwin I. Colodny as chief executive officer. Edwin I. Colodny will continue as chairman of the board.

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)						
REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
04/91	Ppt	45000	45000	1000	N30	1 Mo
	Ppt	15000	1000	-0-		1 Mo
	Ppt	5000	-0-	-0-	N30	6-12 Mos
	Ppt	5000	5000	-0-	N30	1 Mo
	Ppt	2500	2500	-0-	2 10 N30	1 Mo
	Ppt	2500	-0-	-0-		2-3 Mos
	Ppt	2500	100	-0-		2-3 Mos
	Ppt	2500	-0-	-0-	2 10 N30	4-5 Mos
	Ppt	2500	-0-	-0-	N30	6-12 Mos
	Ppt	1000	1000	-0-		1 Mo
	Ppt	1000	500	50	N7	1 Mo
	Ppt	1000	50	-0-	N30	1 Mo
	Ppt	750	-0-	-0-		2-3 Mos
	Ppt	750	750	-0-		1 Mo
	Ppt	750	750	-0-		1 Mo
	Ppt	500	250	-0-	N7	1 Mo
	Ppt	500	-0-	-0-	N30	6-12 Mos
	Ppt	500	500	-0-		1 Mo

Ppt	500	100	-0-	N30	1 Mo
Ppt	500	-0-	-0-		6-12 Mos
Ppt	500	-0-	-0-		6-12 Mos
Ppt	250	-0-	-0-	N30	6-12 Mos
Ppt	250	250	-0-		1 Mo
Ppt	250	250	-0-	Regular terms	1 Mo
Ppt	250	-0-	-0-		6-12 Mos
Ppt	250	-0-	-0-	N30	4-5 Mos
Ppt	100	100	-0-	N30	1 Mo
Ppt	100	50	-0-		1 Mo
Ppt	50	-0-	-0-		2-3 Mos
Ppt	50	-0-	-0-	N30	6-12 Mos
Ppt	50	50	-0-	N30	1 Mo
Ppt	50	50	50	N7	1 Mo
Ppt	50	-0-	-0-	N30	6-12 Mos
Ppt		-0-	-0-	N30	6-12 Mos
Ppt		-0-		N30	2-3 Mos
Ppt-Slow 15	55000	10000	5000	N30	1 Mo
Ppt-Slow 30	25000	-0-	-0-		4-5 Mos
Ppt-Slow 30	15000	2500	2500	N30	2-3 Mos
Ppt-Slow 30	15000	15000	2500		1 Mo
Ppt-Slow 30	7500	7500	1000	2 10 N30	1 Mo
Ppt-Slow 30	5000	2500	50		1 Mo
Ppt-Slow 30	2500	2500	1000	N30	1 Mo
Ppt-Slow 30	2500	1000	750		1 Mo
Ppt-Slow 30	1000	50	50	1 10 N30	6-12 Mos
Ppt-Slow 30	1000	-0-	-0-	2 10 N30	6-12 Mos
Ppt-Slow 30	750	250	-0-		1 Mo
Ppt-Slow 30	750	-0-	-0-		2-3 Mos
Ppt-Slow 30	500	100	-0-	N15	1 Mo
Ppt-Slow 30	100	100	100	N30	4-5 Mos
Ppt-Slow 60	1000	250	250	N30	2-3 Mos
Ppt-Slow 90	1000	-0-		N30	2-3 Mos
Ppt-Slow 90	100	100	100		1 Mo
Ppt-Slow 120	1000	100	100	N15	4-5 Mos
Ppt-Slow 120	50	50	50		6-12 Mos
Slow 10	100	50	-0-		
Slow 15	250	-0-	-0-	N30	6-12 Mos
Slow 25				N30	6-12 Mos
Slow 30	15000	-0-	-0-	N30	6-12 Mos
Slow 30	2500	2500	2500	N30	2-3 Mos
Slow 30	2500	-0-	-0-	2 10 N30	1 Mo
Slow 30	1000	250	-0-	N30	1 Mo
Slow 30	250	50	-0-	N30	1 Mo
Slow 30	250	250	100		1 Mo
Slow 30	50	-0-	-0-	N30	6-12 Mos
Slow 45	2500	2500	-0-	N30	1 Mo
Slow 5-100	250	-0-	-0-	N30	2-3 Mos
Slow 110	1000	500	500		
Ppt	200000	-0-	-0-		2-3 Mos

Ppt	200000	-0-	-0-		4-5 Mos
Ppt	50000	20000	-0-		1 Mo
Ppt	10000	5000	-0-	N15	1 Mo
Ppt	250	250	-0-	N30	1 Mo
Ppt	100	100	-0-	N30	1 Mo
Ppt-Slow 90	7500	5000	2500	2 10 N30	1 Mo
Slow 25	1000000				1 Mo
Slow 35	300000	70000	25000		1 Mo
Slow 30-60	75000	20000	10000		1 Mo
Slow 30-60	25000	1000	1000	Regular terms	1 Mo
Slow 15-80	750	250	250		6-12 Mos
Slow 30-90	2500	2500	2500	N30	1 Mo

* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

FINANCE

A CONSULTING SERVICE IS AVAILABLE TO ASSIST YOU IN REVIEWING THIS ACCOUNT FURTHER. PLEASE CALL (800) 223 - 0141 TO SPEAK WITH A DUNS ACCOUNT CONSULTANT.

04/15/91

	Fiscal Consolidated Dec 31 1988	Fiscal Consolidated Dec 31 1989	Fiscal Consolidated Dec 31 1990
Curr Assets	438,696,000	1,157,551,000	1,253,825,000
Curr Liabs	731,741,000	1,558,888,000	1,866,846,000
Current Ratio	.599	.74	.671
Working Capital	(293,045,000)	(401,337,000)	(613,021,000)
Other Assets	2,404,342,000	4,301,576,000	4,550,406,000
Noncurrent Liabs	1,051,811,000	1,698,501,000	2,146,801,000
Worth	1,059,486,000	2,201,738,000	1,790,584,000
Sales	2,829,932,000	4,236,392,000	6,137,533,000
Net Income (loss)	73,268,000	(151,108,000)	(427,206,000)
Capital Outlays	410,571,000	640,465,000	678,001,000
Depr & Amort	109,699,000	176,267,000	261,792,000
Interest Expense	56,010,000	89,812,000	161,689,000
Cash From Opns.	196,007,000	282,802,000	282,802,000
Fiscal Consolidated statement dated DEC 31 1990:			
Cash	\$ 406,637,000	Accts Pay	\$ 488,183,000
Accts Rec	238,301,000	Air Traffic	
Inventory	364,012,000	Liability	481,010,000
Notes Rec	108,274,000	Accruals	783,231,000
Prepaid	136,601,000	L.T. Liab-(1yr)	114,422,000

Curr Assets	1,253,825,000	Curr Liabs	1,866,846,000
Fixt & Equip	4,164,555,000	Long-term Debt	1,541,225,000
Intangibles	590,821,000	Def. Credits/Income	605,576,000
Other Assets	385,851,000	COMMON STOCK	1,000
		ADDIT. PD.-IN CAP	2,416,131,000
		RETAINED EARNINGS	(34,727,000)

Total Assets 6,395,052,000 Total 6,395,052,000
From JAN 01 1990 to DEC 31 1990 annual sales
\$6,137,533,000. Operating expenses \$6,679,522,000. Operating income
\$(541,989,000); other expenses \$73,247,000; net income before taxes
\$(615,236,000). (net loss) \$(427,206,000). Income tax credit
\$188,030,000. Retained earnings at start \$392,479,000. Net loss
(427,206,000); dividends \$0; retained earnings at end
(34,727,000).

Statement received by mail APR 08 1991. Prepared from
statement(s) by Accountant: KPMG Peat Marwick.

ACCOUNTANTS OPINION: "A review of the accountant's opinion
indicates the financial statements meet generally accepted accounting
principles and that the audit contains no qualifications".

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Item worth shown in summary section was computed after deduction
of intangibles, goodwill, totaling \$590,821,000. Accounts receivable
are shown net less \$7,081,000 allowance for doubtful accounts. Fixed
assets are shown net less \$1,158,333,000 reserve for depreciation and
amortization.

-----EXPLANATION OF STATEMENT ITEMS-----

INVENTORIES: Consist of materials and supplies, valued at
average cost and are charged to operations as consumed.

NOTES RECEIVABLE: Represent receivables due from parent company.

OTHER ASSETS: Consist of operating rights-net \$140,354,000; and
other sundry assets \$245,497,000.

AIR TRAFFIC LIABILITY: Consist of traffic balances payable and
unused tickets. Passenger ticket sales are recognized as revenue when
the transportation service is rendered. At the time of the sale the
liability is established (traffic balances payable and unused tickets)
and subsequently eliminated either through carriage of the passenger,
through billing from another carrier which renders the service or by
refund to the passenger.

LONG-TERM DEBT: At Dec 31 1990 consisted of 12 7/8% senior
debentures due 2000, \$96,000,000; 10.85% to 12.5% U.S. Government
guaranteed obligations due 1991-1996, \$54,329,000; 10 1/2% to 13 5/8%
equipment trust certificates due 1991-1995, \$16,408,000; 8.4% to 13
5/8% equipment financing agreements due 1991-2016, \$1,263,717,000;
industrial revenue bonds due 1991-1998, \$15,712,000; capital lease
obligations \$189,685,000; and other notes and debentures \$19,796,000,
less current maturities \$114,422,000.

Maturities of long-term debt and debt under capital leases for
the next five years are as follows: 1991 - \$114,422,000, 1992 -
\$86,958,000, 1993 - \$103,101,000, 1994 - \$75,650,000, and 1995 -
\$62,858,000.

DEFERRED CREDITS/INCOME: Consists of deferred income taxes
\$173,007,000 and other deferred gains and reserves \$432,569,000.

DIVIDENDS: No dividends were declared in 1990.

OTHER EXPENSES: Consist of interest expense \$161,689,000 and
other expenses-net \$150,000, offset by interest income \$23,977,000 and
interest capitalized \$64,615,000.

CONTINGENCIES: The Company and Pacific Southwest Airmotive, Inc.
have been named as defendants in various suits and proceedings which

involve, among other things, environmental concerns about noise and air pollution and employment matters. These suits and proceedings are in various stages of litigation and the status of the law with respect to several of the issues involved is unsettled.

While the outcome of these matters is difficult to predict, in the Company's opinion the disposition of these matters is not likely to have a material adverse effect on its financial condition.

-----RECONCILIATION OF NET WORTH-----.

At Dec 31 1990 tangible net worth was down by \$411,154,000 from the year earlier. The decrease was due to the net loss of \$427,206,000, offset by a decrease in intangibles (goodwill) \$16,052,000.

At Dec 31 1989 tangible net worth was up by \$1,142,252,000 from the year earlier. The increase was due to the contribution of Piedmont Aviation by the parent company \$1,845,177,000, offset by the net loss of \$151,108,000, payment of dividends of \$1,877,000 and an increase in intangibles \$549,940,000.

-----RECONCILIATION OF WORKING CAPITAL-----.

At Dec 31 1990 working capital was down by \$211,684,000 from the year earlier. The decrease was due to an increase in noncurrent tangible assets of \$248,830,000 and the decrease in tangible net worth of \$411,154,000, offset by an increase in noncurrent liabilities \$448,300,000.

At Dec 31 1989 working capital was down by \$137,463,000 from the year earlier. The decrease was due to an increase in tangible noncurrent assets of \$1,938,282,000, offset by the increase in tangible net worth of \$1,142,252,000 and an increase in noncurrent liabilities \$658,567,000.

-----CURRENT TRENDS-----.

On APR 12 1991 management, referred to the above figures.

Operating revenues in 1990 of \$6.1 billion were \$1.9 billion or 44.9% higher than revenues of \$4.2 billion in the 1989 year while the net loss in 1990 of \$427.2 million was 182% higher than the net loss of \$151.1 million in 1989. The soft domestic traffic and weak economy, skyrocketing fuel prices, fear of travel due to the Persian Gulf crisis, and widespread sharply discounted fares all contributed to the net loss.

Results for 1990 included special charges aggregating approximately \$138 million. The special charges included \$36 million for additional depreciation recorded for 24 older aircraft which the Company is in the process of phasing out; \$12 million recorded for a workforce reduction; \$44 million recorded for lease obligations on its fleet of BAe-146 aircraft which will be taken out of operation in 1991; and \$46 million recorded for costs related to separation and relocation of employees and other expenses associated with the restructuring in 1991.

As part of a restructuring in 1991, the Company will discontinue service to eight cities and adjust scheduled flying at a number of other cities resulting in a reduction in scheduled flights of approximately 10% and a reduction in capacity as measured by available seat miles of approximately 3%. Also the Company plans to close four flight crew bases, two heavy maintenance facilities and a reservations office. Taking the BAe aircraft out of service and the other actions

are expected to result in an additional workforce reduction of more than 3,500 positions.

-----ANALYST'S COMMENTS-----.

At Dec 31 1990, both working capital and tangible net worth were down, primarily due to the substantial net loss recorded for the year.

On a current basis, receivables represented 14.0 days of sales compared to 31.3 days at the close of the 1989 year. In 1989, the Company entered into a five year agreement to sell on a revolving basis undivided interests in a pool of up to \$295 million of designated accounts receivables. At Dec 31 1990, accounts receivables were reduced by \$190 million for receivables sold under the agreement.

Also, at year end, the Company held \$105 million of the purchaser's funds reflecting collections of previously sold receivables.

PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

* * * SUIT(S) * * *

DOCKET NO.: 90C2099

SUIT AMOUNT: \$50,000

PLAINTIFF: LEVY, MARK S, DMD, SPRINGFIELD,
MA

DEFENDANT: US AIR INC, ARLINGTON, VA

WHERE FILED: HAMPDEN COUNTY DISTRICT COURT,
SPRINGFIELD, MA

STATUS: Pending

DATE STATUS ATTAINED: 06/06/1990

DATE FILED: 06/06/1990

COLLECTED BY D&B: 06/14/1990

DOCKET NO.: 9005227

PLAINTIFF: CLARENCE L TAYLOR

DEFENDANT: U S AIR INC, PHILADELPHIA, PA

WHERE FILED: BUCKS COUNTY PROTHONOTARY,
DOYLESTOWN, PA

STATUS: Pending

DATE STATUS ATTAINED: 06/06/1990

DATE FILED: 06/06/1990

COLLECTED BY D&B: 06/18/1990

SUIT AMOUNT: IN EXCESS OF \$20,000

PLAINTIFF: MARGARET PHILIPS

DEFENDANT: US AIR, INC., PITTSBURGH, PA

WHERE FILED: LACKAWANNA COUNTY PROTHONOTARY,
SCRANTON, PA

STATUS: Pending

DATE STATUS ATTAINED: 04/30/1990

DATE FILED: 04/30/1990

RECEIVED BY D&B: 07/05/1990

* * * UCC FILING(S) * * *

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Equipment and proceeds - Specified Communications equipment and
proceeds

FILING NO: 910211074

TYPE: Original

SEC. PARTY: GRUB A VERWALTUNGSGESELLSCHAFT
MBH & CO KG, BERLIN, GERMANY

DEBTOR: USAIR INC

DATE FILED: 02/06/1991

RECEIVED BY D&B: 03/11/1991

FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

RECEIVED BY D&B: 12/05/1990

SEC. PARTY: JL EAGLE LEASE CO LTD,
CHIYODA-KU, TOKYO, JAPAN
ASSIGNEE: WILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

FILING NO: 901020181
TYPE: Termination
SEC. PARTY: WILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

DATE FILED: 10/11/1990
RECEIVED BY D&B: 12/05/1990
ORIG. UCC FILED: 10/11/1990
ORIG. FILING NO: 901020145
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Equipment and proceeds - Specified Contract rights and proceeds
FILING NO: 90102182
TYPE: Original
SEC. PARTY: JL EAGLE LEASE CO LTD,
CHIYODA-KU, TOKYO, JAPAN
ASSIGNEE: WILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

DATE FILED: 10/11/1990
RECEIVED BY D&B: 12/05/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds
FILING NO: 901012152
TYPE: Amendment
SEC. PARTY: CONNECTICUT NAT BANK, HARTFORD,
CT
DEBTOR: USAIR INC

DATE FILED: 10/10/1990
RECEIVED BY D&B: 11/21/1990
ORIG. UCC FILED: 11/27/1989
ORIG. FILING NO: 891132023
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds
FILING NO: 901012153
TYPE: Amendment
SEC. PARTY: CONNECTICUT NAT BANK, HARTFORD,
CT
DEBTOR: USAIR INC

DATE FILED: 10/10/1990
RECEIVED BY D&B: 11/21/1990
ORIG. UCC FILED: 11/27/1989
ORIG. FILING NO: 891131988
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Equipment and proceeds - Specified Contract rights and proceeds
FILING NO: 900930120
TYPE: Original
SEC. PARTY: WILMINGTON TRUST CO, WILMINGTON
DE
DEBTOR: USAIR INC

DATE FILED: 09/21/1990
RECEIVED BY D&B: 11/09/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds
FILING NO: 900921795
TYPE: Amendment

DATE FILED: 09/19/1990
RECEIVED BY D&B: 10/29/1990

SEC. PARTY: THE CONNECTICUT NAT BK,
HARTFORD, CT
DEBTOR: USAIR INC

ORIG. UCC FILED: 04/14/1989
ORIG. FILING NO: 890421636
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Communications equipment and proceeds

FILING NO: 900831232
TYPE: Original
SEC. PARTY: KILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

DATE FILED: 08/27/1990
RECEIVED BY D&B: 10/02/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Equipment and proceeds - Specified Contract rights and
proceeds

FILING NO: 900810099
TYPE: Original
SEC. PARTY: WILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

DATE FILED: 08/01/1990
RECEIVED BY D&B: 09/14/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Contract rights and proceeds - Specified Transportation
equipment and proceeds - Specified Equipment and proceeds

FILING NO: 900731256
TYPE: Original
SEC. PARTY: WILINGTON TRUST CO
DEBTOR: US AIR INC, ARLINGTON, VA

DATE FILED: 07/27/1990
RECEIVED BY D&B: 10/24/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

FILING NO: 900721962
TYPE: Amendment
SEC. PARTY: WILMINGTON TRUST CO, WILMINGTON
DE
DEBTOR: USAIR INC

DATE FILED: 07/18/1990
RECEIVED BY D&B: 08/20/1990
ORIG. UCC FILED: 07/13/1990
ORIG. FILING NO: 900720991
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Contract rights and proceeds

FILING NO: 900720991
TYPE: Original
SEC. PARTY: WILMINGTON TR CO, WILMINGTON,
DE
DEBTOR: USAIR INC

DATE FILED: 07/13/1990
RECEIVED BY D&B: 08/20/1990
FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Contract rights and proceeds - Specified Equipment and
proceeds - Specified Transportation equipment and proceeds -
Specified Account(s) and proceeds

FILING NO: 900721723
TYPE: Original
SEC. PARTY: WILMINGTON TRUST CO, WILMINGTON

DATE FILED: 07/17/1990
RECEIVED BY D&B: 08/20/1990
FILED WITH: SECRETARY OF THE

DEBTOR: DE
USAIR INC COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Contract rights and proceeds - Specified Negotiable
instruments and proceeds - Specified Communications equipment and
proceeds - Specified Transportation equipment and proceeds -
Specified Account(s) and proceeds

FILING NO: 900721727 DATE FILED: 07/17/1990
TYPE: Original RECEIVED BY D&B: 08/20/1990
SEC. PARTY: WILMINGTON TRUST CO, WILMINGTON FILED WITH: SECRETARY OF THE
DE COMMONWEALTH/UCC
DEBTOR: USAIR INC DIVISION, VA

COLLATERAL: Specified Transportation equipment - Specified Equipment

FILING NO: 900720761 DATE FILED: 07/13/1990
TYPE: Amendment RECEIVED BY D&B: 08/20/1990
SEC. PARTY: WILMINGTON TR CO, WILMINGTON, ORIG. UCC FILED: 05/25/1990
DE ORIG. FILING NO: 900531297
DEBTOR: USAIR INC FILED WITH: SECRETARY OF THE
COMMONWEALTH/UCC
DIVISION, VA

COLLATERAL: Specified Transportation equipment and proceeds - Specified
Contract rights and proceeds - Specified Equipment and proceeds -
Specified Negotiable instruments and proceeds

FILING NO: 900531297 DATE FILED: 05/20/1990
TYPE: Original RECEIVED BY D&B: 07/20/1990
SEC. PARTY: WILMINGTON TRUST CO, WILMINGTON FILED WITH: SECRETARY OF THE
DE COMMONWEALTH/UCC
DEBTOR: USAIR INC DIVISION, VA

There are additional public filings in D&B's file on this
company available by contacting 1-800-DNB-DIAL.

The public record items reported above under "PUBLIC FILINGS"
and "UCC FILINGS" may have been paid, terminated, vacated
or released prior to the date this report was printed.

BANKING

03/91 Account(s) averages high 4 figures. Account open over 3 years.
01/91 Account maintained.

HISTORY

05/03/91

+EDWIN I. COLODNY, CHB-CEO +SETH E. SCHOFIELD, V CHMN-PRES-
COO
+RANDALL MALIN, V CHMN-EX V PRES- JAMES T. LLOYD, EX V PRES &
MKTG GENERAL COUNSEL
FRANK L. SALIZZONI, EX V PRES-FIN CHARLTON L. GEORGE, V PRES-TREAS
DIRECTOR(S): The officers identified by (+) and Mathias J. DeVito,
Merle E. Gilliland, George J. W. Goodman, Edward A. Horrigan Jr., David
C. Jones, Robert LeBuhn, Nelson S. Mead, John G. Medlin Jr. Hanne M.
Merriman, Richard P. Simmons and Raymond W. Smith.

BUSINESS TYPE: Corporation -
Profit

DATE INCORPORATED: 03/31/1982
STATE OF INCORP: Delaware

AUTH SHARES-COMMON: 1,000
PAR VALUE-COMMON: \$1.0000

ISSUED CAPITAL STOCK: 1,000 shares.

-----BACKGROUND/CONTROL-----

Business started 1937. Present control succeeded 1983. Relocated Apr 1989 from Washington, DC. 100% of capital stock is owned by USAir Group, Inc. Effective Feb 1 1983, USAir Group, Inc., Facilitation Corporation (a wholly-owned subsidiary of USAir Group, Inc.) and USAir, Inc. (Old USAir) entered into a plan of reorganization and agreement of merger whereby Old USAir was merged into Facilitation Corporation which then changed its name to USAir, Inc. Each share of Old USAir was exchanged on a share-for-share basis for shares of USAir Group, Inc. which then become the parent of USAir, Inc. Ie.

-----ACQUISITIONS-----

In Nov 1987, USAir Group, Inc. completed the acquisition of Piedmont Aviation, Inc. for \$1.6 billion and on Aug 5 1989 merged Piedmont into USAir, Inc. On May 29 1987, USAir Group, Inc. acquired Pacific Southwest Airlines in a purchase transaction with a total value of approximately \$385 million. On Apr 9 1988, the parent company merged Pacific Southwest Airlines into USAir, Inc. In Aug 1988, USAM Corporation, a subsidiary, acquired a 11.313% interest (reduced to 11.008% in 1989) in Covia Partnership which operates a computerized reservations system from United Air Lines, Inc. for \$113 million. In Dec 1990, the Company acquired certain routes and leasehold assets at Philadelphia International Airport from Midway Airlines, Inc. for an undisclosed amount.

-----MANAGEMENT BACKGROUND-----

COLODNY, born 1926 married. Graduated University of Rochester 1948 AB; Harvard Law School 1951 LLB. Member New York Bar. 1951-54 United States Army. 1954-57 Civil Aeronautics Board, Bureau of Air Operations, trial attorney, and Association of Local Transport Airlines, chairman, Route Policy Commission. 1957-date USAir, Inc., 1967 executive vice president-legal affairs and marketing services, 1975 president and chief executive officer, 1978 chairman of the board, president and chief executive officer, 1990 chairman of the board and chief executive officer. 1982-date USAir Group, Inc., chairman of the board, president and chief executive officer.

SCHOFIELD, born 1940 married. Graduated Harvard University School of Business 1975 PMD. 1957-date USAir, Inc., 1974 assistant vice president-operations administration, 1976 vice president-operations administration, 1977 vice president and operations manager, 1978 senior vice president-operations, 1983 executive vice president-operations, 1989 also vice chairman of the board, 1990 president and chief operating officer. Effective Jun 1 1991 he will succeed Edwin I. Colodny as chief executive officer.

MALIN, born 1937 married. Graduated Dartmouth College 1959 BA; Amos Tuck School 1960 MBA. 1960-61 United States Army. 1961-80

American Airlines, Inc., vice president-passenger sales. 1980-date USAir, Inc., senior vice president-marketing, 1983 executive vice president-marketing, 1989 also vice chairman of the board.

LLOYD, born 1941 married. Graduated Kansas State University 1963 BA; Southern Methodist University 1966 LLB. 1967-85 Hydeman Mason Burzio & Lloyd, partner. 1985-87 Preston Thorgrimson Ellis & Holman, partner. 1987-date USAir, Inc., senior vice president and general counsel, 1990 executive vice president and general counsel.

SALLIZZONI, born 1938 married. Graduated Penn State University 1960 BS; George Washington University 1964 MBA. 1962-64 Research Analysis Corp. 1964-67 American Cyanimid Co. 1969-87 Trans World Airlines, Inc., vice chairman and chief financial officer. 1987-89 TW Services, Inc., chairman and chief executive officer. 1990-date USAir, Inc. and USAir Group, Inc., executive vice president-finance.

GEORGE, born 1957 married. Graduated University of Pennsylvania 1978 BA; University of Chicago 1980 MBA. 1980-83 E. I. DuPont de Nemours & Co. 1983-89 Allied-Signal, Inc., director corporate finance. 1989-date USAir, Inc., vice president and treasurer.

OTHER OFFICERS: JOHN P. FRETEL, senior vice president-human resources. PATRICIA A. GOLDMAN, senior vice president-corporate communications. FREDERICK L. KOCHER, senior vice president-maintenance operations. JOHN R. LONG III, senior vice president-customer operations. R. A. MCKINNON, senior vice president-corporate planning. MICHAEL R. SCHWAB, senior vice president-management information services. MICHELLE V. BRYAN, secretary and assistant general counsel. MICHAEL D. MEYER, controller. In addition, there are 16 individuals holding the title of vice president.

OUTSIDE DIRECTORS: DEVITO, chairman, president and chief executive officer, The Rouse Company, Columbia, MD. GILLIAND, chairman of the executive committee, PNC Financial Corp., Pittsburgh, PA. GOODMAN, president, Continental Fidelity, Inc., Princeton, NJ. HERRIGAN, former vice chairman, RJR Nabisco, Inc., Winston-Salem, NC. JONES, retired chairman, U.S. Joint Chiefs of Staff, Department of Defense. LEBUHN, president, Instoria, Inc., New York, NY. MEAD, director, The Mead Corporation. MEDLIN, chairman, president and chief executive officer, First Wachovia Corporation, Winston-Salem, NC. MERRIMAN, president and chief operating officer, Nan Duskin, Inc., Philadelphia, PA. SIMMONS, chairman, Allegheny Ludlum Corporation, Pittsburgh, PA. SMITH, chairman and chief executive officer, Bell Atlantic Corporation, Philadelphia, PA.

OPERATION

05/03/91

Subsidiary of USAir Group, Inc., Arlington, VA started 1937 which operates as a holding company for subsidiaries primarily engaged in air transportation. Parent company owns 100% of capital stock. Parent company has 9 other subsidiaries. Intercompany relations: Consist of advances as appropriate.

As noted, this Company is a subsidiary of USAir Group, Inc., DUNS #06-537-7418, and reference is made to that report for background information on the parent company and its management. The parent company has submitted the following consolidated figures dated Dec 31

1990: current assets \$1,252,788,000; current liabilities \$1,892,089,000; total assets \$6,574,204,000; and tangible net worth \$843,290,000; revenues \$6,558,606,000; and net loss \$454,448,000. The financial condition of the parent company was considered fair.

USAir, Inc. operates as a certificated air carrier principally engaged in scheduled air transportation of passengers, freight and mail (99%). The airline provides regularly scheduled service through 129 airports to more than 170 cities in the United States, Puerto Rico, Canada, the Bahamas, Bermuda, the United Kingdom and Germany. Its primary connecting hubs are located at the Charlotte/Douglas, Greater Pittsburgh, Baltimore/Washington, Philadelphia and Dayton International Airports. In addition, through a subsidiary, provides jet engine maintenance and overhaul services to the Company and non-affiliated carriers (1%).

As of Dec 31 1990, USAir's fleet of 454 jet aircraft consisted of 9 Boeing 767-200ER aircraft, 45 Boeing 737-400 aircraft, 81 Boeing 737-200 aircraft, 29 Boeing 727-200 aircraft, 74 DC-9-30 aircraft, 102 Boeing 737-300 aircraft, 31 McDonnell Douglas MD-80 aircraft, 20 Fokker 100 aircraft, 25 Fokker F28-4000 aircraft, 20 Fokker F28-1000 aircraft and 18 BAe 146-200 aircraft. Of the 454 aircraft, 247 were owned and 207 were leased.

Terms: Credit cards, net 30 days and cash. Sells to general public, commercial and industrial accounts and government agencies. Territory : United States, Canada, the Caribbean and the United Kingdom.

Season peaks April, May, June. Business slow January-February.

EMPLOYEES: 46,000 including officers. 760 employed here.

FACILITIES: Leases 273,000 sq. ft. in 12 story steel and concrete building in good condition. Premises neat. Space occupied is on 8 floors.

LOCATION: Suburban business section on well traveled street.

BRANCHES: Leases ground facilities in Pittsburgh, PA; central reservations offices in several cities; its principal overhaul and maintenance bases are at the Charlotte/Douglas and Greater Pittsburgh International Airports; and line maintenance bases and its local ticket, cargo and administrative offices throughout the system. The Company also utilizes public airports for its flight operations under lease arrangements with the municipalities or agencies owning or controlling such airports. USAir's major leases covering ground facilities have unexpired terms of between one and 28 years.

SUBSIDIARIES: USAir, Inc. has two subsidiaries, both wholly owned. There are intercompany service transactions between the underlying units and USAir, Inc. which are handled under normal business arrangements. The two subsidiaries are briefly described below.

PACIFIC SOUTHWEST AIRMOTIVE, INC., San Diego, Ca. A California corporation engaged in providing jet engine maintenance and overhaul services to its parent company and non-affiliated airlines.

USAM CORP., Arlington, VA. This corporation holds a 11.008% interest in Covia Partnership, Des Plaines, Il, which owns and operates the Apollo computer reservations system.

05-09(9ZD /103) 00000 065377418 061114114 H

FULL DISPLAY COMPLETE

IN DATE

Statement Date DEC 31 1990

DUNS: 06-537-7418
 USAIR GROUP, INC.

DATE PRINTED
 MAY 09 1991

SUMMARY
 RATING 5A3

2345 CRYSTAL DR (CRYSTAL PK 4)
 AND BRANCH(ES) OR DIVISION(S)
 ARLINGTON VA 22227
 TEL: 703 418-7000

CERTIFICATED AIR
 CARRIER
 SIC NOS.
 45 12 45 81 50 88
 73 89

STARTED 1937
 PAYMENTS SEE BELOW
 SALES F \$6,558,606,000
 WORTH F \$843,290,000
 EMPLOYS 49,200
 (760 HERE)
 HISTORY CLEAR
 FINANCING SEC-UNSEC
 FINANCIAL
 CONDITION FAIR
 TREND DOWN

CHIEF EXECUTIVE: EDWIN I. COLODNY, CHB-PRES

SPECIAL EVENTS

04/24/91 According to published reports, comparative operating results for the 3 months ended March 31, 1991 are as follows: revenue of \$1,581,571,000 and net income (loss) of \$(168,692,000) compared to revenue of \$1,537,334,000 and net income (loss) of \$(37,965,000) for the comparable period in the prior year.

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)						
REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
04/91	Ppt	65000	-0-	-0-	N10	6-12 Mos
	Ppt	15000	10000	-0-	N30	1 Mo
	Ppt	7500	7500	-0-	N30	1 Mo
	Ppt	7500	2500	-0-		1 Mo
	Ppt	5000	5000	-0-	N30	1 Mo
	Ppt	2500	-0-	-0-	N30	6-12 Mos
	Ppt	2500	500	50		1 Mo
	Ppt	1000	1000	-0-		1 Mo
	Ppt	750	750			6-12 Mos
	Ppt	500	100	-0-	N7	1 Mo
	Ppt	500	500	-0-		1 Mo
	Ppt	500	-0-	-0-	N30	2-3 Mos
	Ppt	250	50	-0-		1 Mo
	Ppt	250	-0-	-0-		2-3 Mos
	Ppt	250	-0-	-0-		6-12 Mos
	Ppt	250	-0-	-0-	N30	6-12 Mos
	Ppt	250	250	250		1 Mo
	Ppt	250	-0-	-0-	N30	6-12 Mos
	Ppt	250	-0-			2-3 Mos
	Ppt	100	-0-	-0-		6-12 Mos
	Ppt	100	100	-0-	N7	1 Mo

Ppt	100	-0-			6-12 Mos
Ppt	100	-0-	-0-		4-5 Mos
Ppt	100	100	-0-	N30	1 Mo
Ppt	50	-0-	-0-	N30	6-12 Mos
Ppt	50	-0-	-0-	N15	6-12 Mos
Ppt	50	-0-	-0-		4-5 Mos
Ppt	50	50	-0-	N30	1 Mo
Ppt-Slow 15	15000	-0-	-0-	N30	6-12 Mos
Ppt-Slow 30	5000	250	-0-	N30	1 Mo
Ppt-Slow 30	2500	2500	1000	2 10 N30	1 Mo
Ppt-Slow 30	1000	-0-	-0-	N7	4-5 Mos
Ppt-Slow 30	1000	1000			2-3 Mos
Ppt-Slow 30	500	100	50		1 Mo
Ppt-Slow 30	100	-0-	-0-		2-3 Mos
Ppt-Slow 30	50	50	-0-	N30	1 Mo
Ppt-Slow 60		-0-		N30	1 Mo
Slow 5	5000	5000	-0-	N30	1 Mo
Slow 5	100	-0-	-0-		2-3 Mos
Slow 10	2500	-0-	-0-	N30	6-12 Mos
Slow 30	10000	7500	5000		1 Mo
Slow 30	2500	-0-	-0-	N30	6-12 Mos
Slow 30	250	250	250		
Slow 90-120	10000	-0-	-0-		4-5 Mos
Ppt	40000	40000	-0-	Prox	1 Mo
Ppt	10000	5000	-0-	N15	1 Mo
Ppt	5000	-0-	-0-		1 Mo
Ppt	1000	-0-	-0-		6-12 Mos
Ppt	1000	250	-0-	N15	1 Mo
Ppt	1000	-0-	-0-	N15	6-12 Mos
Ppt	750	-0-	-0-	N30	2-3 Mos
Ppt	750	-0-	-0-	N30	6-12 Mos
Ppt	750	-0-	-0-	2 10 N30	4-5 Mos
Ppt	500	-0-	-0-		1 Mo
Ppt	500	-0-	-0-	N30	6-12 Mos
Ppt	500	-0-	-0-		6-12 Mos
Ppt	250	-0-	-0-	N30	6-12 Mos
Ppt	250	250	-0-	N10	1 Mo
Ppt	100	-0-	-0-	N15	6-12 Mos
Ppt	100	-0-	-0-	N30	6-12 Mos
Ppt	50	50	-0-		1 Mo
Ppt	50	-0-	-0-	N30	6-12 Mos
Ppt-Slow 20	2500	-0-	-0-		6-12 Mos
Ppt-Slow 30	35000	25000	-0-		1 Mo
Ppt-Slow 30	2500	-0-	-0-	2 10 N30	1 Mo
Ppt-Slow 30	1000	-0-	-0-		4-5 Mos
Ppt-Slow 30	750	-0-	-0-		6-12 Mos
Ppt-Slow 30	500	-0-	-0-	2 10 N30	2-3 Mos
Ppt-Slow 30	250	50	-0-		1 Mo
Ppt-Slow 60	15000	-0-	-0-	N30	2-3 Mos

03/91

Ppt-Slow 120	2500	-0-	-0-	EOM	6-12 Mos
Ppt-Slow 120	1000	250	250	N30	2-3 Mos
Slow 10	500	-0-	-0-	N30	1 Mo
Slow 20	500	500	-0-		1 Mo
Slow 30	100	-0-	-0-	N30	2-3 Mos
Slow 35	2500	-0-	-0-	N30	1 Mo
Slow 30-60	50	50	50	N30	6-12 Mos
Slow 30-90	7500	1000	750	Prox	1 Mo
Slow 30-90	250	100	-0-	N30	1 Mo
Slow 15-100	750	750	-0-		1 Mo

* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

FINANCE

A CONSULTING SERVICE IS AVAILABLE TO ASSIST YOU IN REVIEWING THIS ACCOUNT FURTHER. PLEASE CALL (800) 223 - 0141 TO SPEAK WITH A DUNS ACCOUNT CONSULTANT.

04/15/91

	Fiscal Consolidated Dec 31 1988	Fiscal Consolidated Dec 31 1989	Fiscal Consolidated Dec 31 1990
Curr Assets	821,525,000	977,446,000	1,252,788,000
Curr Liabs	1,209,053,000	1,589,588,000	1,892,089,000
Current Ratio	.679	.61	.662
Working Capital	(387,528,000)	(612,142,000)	(639,301,000)
Other Assets	3,903,464,000	4,484,669,000	4,730,595,000
Noncurrent Liabs	2,070,313,000	2,586,749	3,248,004,000
Worth	1,445,623,000	1,285,778,000	843,290,000
Sales	5,706,992,000	6,251,559,000	6,558,606,000
Net Income (loss)	165,004,000	(63,176,000)	(454,448,000)
Depr & Amort	229,729,000	253,827,000	287,083,000
Interest Expense	123,206,000	173,999,000	225,600,000
Capital Expenses	643,993,000	682,558,000	730,017,000
Intangibles			
Deducted	623,889,000	606,873,000	590,821,000
Cash Dividends	5,211,000	19,814,000	35,782,000
Fiscal Consolidated statement dated DEC 31 1990:			
Cash	\$ 408,069,000	Accts Pay	\$ 473,510,000
Accts Rec	246,369,000	Air Traffic	
Inventory	420,651,000	Liability	481,010,000
Income Tax		Accruals	815,164,000
Refund Receivable	34,015,000	L.T. Liab-(1yr)	122,405,000
Prepaid	143,684,000		
<hr/>			
Curr Assets	1,252,788,000	Curr Liabs	1,892,089,000
Fixt & Equip	4,442,149,000	Long-term Debt	2,262,854,000
Goodwill	590,821,000	Redeemable	
Other Assets	288,446,000	Preferred Stock	358,000,000
		Def. Credits/Income	627,150,000
		COMMON STOCK	48,282,000

ADDIT. PD.-IN CAP	1,210,816,000
TREASURY STOCK	(123,914,000)
RETAINED EARNINGS	409,684,000
DEFERRED	
COMPENSATION	(110,757,000)

Total Assets	6,574,204,000	Total	6,574,204,000
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From JAN 01 1990 to DEC 31 1990 annual sales \$6,558,606,000. Operating expenses \$7,059,729,000. Operating income \$(501,123,000); other expenses \$154,325,000; net income before taxes \$655,448,000. (net loss) \$(454,448,000). Income tax credit \$201,000,000. Retained earnings at start \$899,914,000. Net loss (454,448,000); dividends \$35,782,000; retained earnings at end \$409,684,000.

Statement received by mail APR 08 1991. Prepared from statement(s) by Accountant: KPMG Peat Marwick.

ACCOUNTANTS OPINION: "A review of the accountant's opinion indicates the financial statements meet generally accepted accounting principles and that the audit contains no qualifications".

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Item worth shown in summary section was computed after deduction of intangibles, goodwill, totaling \$590,821,000. Accounts recievable are shown net less \$8,461,000 allowance for doubtful accounts. Fixed assets are shown net less \$1,237,961,000 reserve for depreciation and amortization.

-----EXPLANATION OF STATEMENT ITEMS-----.

INVENTORIES: Consist of materials and supplies valued at average cost and are charged to operations as consumed. An allowance for obsolescence is provided for flight equipment expendable parts.

FIXTURES AND EQUIPMENT: Consist of flight equipment \$4,390,762,000; ground property and equipment \$1,002,069,000 and purchase deposits \$287,279,000, less accumulated depreciation and amortization of \$1,237,961,000.

OTHER ASSETS: Consist of operating rights at appraised value at various airports \$140,683,000 and other sundry assets \$147,763,000.

AIR TRAFFIC LIABILITY: Passenger ticket sales are recognized as revenue when the transportation service is rendered. At the time of the sale, a liability is established and subsequently eliminated either through carriage of the passenger, through billing from another carrier which renders the service or by refund to the passenger.

LONG-TERM DEBT: At Dec 31 1990 consisted of 12 7/8% senior debentures due 2000, \$96,000,000; U.S. Government guaranteed obligations due 1991-1996, \$54,329,000; equipment trust certificates due 1991-1995, \$16,408,000; equipment financing agreements due 1991-2016, \$1,272,367,000; industrial revenue bonds & notes due 1991-1998, \$15,712,000; credit agreement borrowings \$710,000,000; capital lease obligations \$196,373,000; and other notes and debentures \$24,070,000, less current maturities \$122,405,000.

Maturities of long-term debt and debt under capital leases for the next five years are as follows: 1991 - \$122,405,000; 1992 - \$201,297,000; 1993 - \$406,388,000; 1994 - \$377,570,000; and 1995 - \$64,236,000.

The Company and a group of banks are parties to a credit

agreement which makes available a \$1.17 billion revolving credit facility. Mandatory annual reductions under the revolving credit facility are \$300 million beginning September 30 through 1993 and \$270 million on Sep 30 1994. Borrowings under the agreement are secured by a pledge by the Company of the outstanding shares of common stock of USAir, Inc. and two other subsidiaries.

REDEEMABLE PREFERRED STOCK: On Aug 7 1989, the Company sold 358,000 shares of 9 1/4% Series A Cumulative Convertible Preferred stock, without par value for \$358 million. Each share of the preferred stock is convertible after Aug 7 1991 into 16 2/3 shares of common stock of the Company at a conversion price of \$60 per share. The preferred stock is redeemable in ten years with no sinking fund at \$1,000 per share, the carrying value.

Optionally, during the first two years the Company may redeem the preferred stock if the common stock trades at \$75 a share for twenty consecutive trading days, or during the remaining eight years the Company may redeem the stock at a 10% premium.

DEFERRED CREDITS/INCOME: Consist of deferred income taxes \$184,429,000 and deferred gains and other deferred liabilities \$442,721,000.

OTHER EXPENSES: Consists of interest expense \$225,600,000, offset by interest income \$4,172,000; interest capitalized \$65,592,000; and other income \$1,511,000.

CONTINGENCIES: The Company and various subsidiaries have been named as defendants in various suits and proceedings which involve, among other things, environmental concerns about noise and air pollution and employment matters. These suits and proceedings are in various stages of litigation, and the status of the law with respect to several of these issues involved is unsettled.

For these reasons the outcome of these suits and proceedings is difficult to predict. In the Company's opinion, however, the disposition of these matters is not likely to have a material adverse effect on its financial position.

-----RECONCILIATION OF NET WORTH-----.

At Dec 31 1990 tangible net worth was down by \$442,488,000 from the year earlier. The decrease was due to the net loss of \$454,448,000 and payment of dividends \$35,782,000, offset by a decrease in goodwill of \$16,052,000; sale of common stock \$25,333,000; amortization of deferred compensation \$4,803,000; and exercise of stock options \$1,554,000.

-----RECONCILIATION OF WORKING CAPITAL-----.

At Dec 31 1990 working capital was down by \$27,159,000 from the year earlier. The decrease was due to an increase in noncurrent tangible assets of \$245,926,000 and the decrease in tangible net worth \$442,488,000, offset by an increase in noncurrent liabilities \$661,255,000.

-----CURRENT TRENDS-----.

On APR 10 1991 management, referred to the above figures.

The Company's operating revenues increased \$307 million or 4.9% in 1990 as compared to 1989. Increases in operating revenues for USAir, Inc. (USAir) accounted for \$230 million of the increase. Passenger revenue increases for the Company's four commuter airline subsidiaries and changes in other operating revenues accounted for the

balance of the revenue increase. USAir's passenger revenue increased \$194 million in 1990, which reflected a 5.5% increase in revenue passenger miles, partially offset by a 1.9% decrease in yield. Increases in cargo and other revenues accounted for the balance of the increase.

In 1990, the Company recorded an operating loss of \$501.1 million and a net loss of \$454.4 million compared to operating income of \$21.5 million and net loss of \$63.2 million in 1989. Contributing to the losses in 1990 were soft domestic traffic, skyrocketing fuel prices, fear of travel due to the Persian Gulf crisis, and widespread, and sharply discounted fares. Results in 1990 also included special charges aggregating approximately \$138 million. The special charges included \$36 million for additional depreciation for older, non-advanced aircraft which the Company is phasing out of service; \$12 million for a workforce reduction; \$44 million for lease obligations on its fleet of BAe-146 aircraft which will be phased out in 1991; and \$46 million for costs related to separation and relocation of employees and other expenses associated with the restructuring in 1991.

As part of a restructuring in 1991, USAir will discontinue service to eight cities and adjust scheduled flying at a number of other cities resulting in reduction in scheduled departures of approximately 10% and a reduction in capacity, as measured by available seat miles, of approximately 3% compared to USAir's level of service at Jan 1 1991. In addition, USAir plans to close four flight crew bases, two heavy maintenance facilities and a reservations office. Taking the BAe aircraft out of service and the other actions are expected to result in an additional workforce reduction of more than 3,500 positions.

-----ANALYST'S COMMENTS-----.

At Dec 31 1990, both tangible net worth and working capital were down reflecting the substantial loss incurred during the year. On a current basis, accounts receivable represented 13.5 days of sales compared to 22.1 days at the close of the 1989 year. In 1989, the Company entered into a five year agreement to sell on a revolving basis undivided interests in a pool of up to \$295 million of designated receivables. At Dec 31 1990, receivables were reduced by \$190 million of receivables sold under this agreement. Cash provided from operations was \$91 million in 1990 (down from \$399 million the year earlier) principally because of a \$220 million increase in funds received by USAir under a program to sell receivables.

The Company invested approximately \$884 million in flight equipment and \$250 million in ground property and equipment in 1990. These capital expenditures were mainly financed by \$601 million proceed from the disposition of property, principally through aircraft sale and leaseback transactions, and \$404 million of debt issued to acquire aircraft.

PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

* * * SUIT(S) * * *

DOCKET NO.: 00220 JUL 90

SUIT AMOUNT: IN EXCESS OF \$25,000

STATUS: Pending

PLAINTIFF: WANDA DIGGS-MANNING, PHILADELPHIA PA
DATE STATUS ATTAINED: 07/03/1990

DATE FILED: 07/03/1990

ROBERT L MANNING, PHILADELPHIA, PA
RECEIVED BY D&B: 02/19/1991

DEFENDANT: USAIR GROUP, INC DBA PIEDMONT AIRLINES

WHERE FILED: SUPREME COURT OF THE COMMONWEALTH OF PENNSYLVANIA, PHILADELPHIA, PA

* * * UCC FILING(S) * * *

COLLATERAL: Leased Equipment

FILING NO: 0674713

DATE FILED: 04/30/1990

TYPE: Original

RECEIVED BY D&B: 05/25/1990

SEC. PARTY: UNIVERSAL FLEET LEASING, HOUSTON, TX

FILED WITH: SECRETARY OF STATE/UCC DIVISION, NC

ASSIGNEE: ROCKY MOUNTAIN BANK, CHANDLER, AZ

DEBTOR: U S AIR INC, WINSTON SALEM, NC

COLLATERAL: Specified Fixtures

FILING NO: 0731637

DATE FILED: 11/14/1990

TYPE: Continuation

RECEIVED BY D&B: 12/12/1990

SEC. PARTY: YOUNG ELECTRIC SIGN CO, SALT LAKE CITY, UT

ORIG. UCC FILED: 04/14/1986

ORIG. FILING NO: 0208532

DEBTOR: PIEDMONT AVIATION INC, WINSTON-SALEM, NC

FILED WITH: SECRETARY OF STATE/UCC DIVISION, NC

The public record items reported above under "PUBLIC FILINGS" and "UCC FILINGS" may have been paid, terminated, vacated or released prior to the date this report was printed.

BANKING

10/90

Account open over 3 years.

HISTORY

04/16/91

+EDWIN I. COLODNY, CHB-PRES

+RANDALL MALIN, V CHMN-EX V PRES

+SETH E. SCHOFIELD, V CHMN-EX V PRES

JAMES T. LLOYD, EX V PRES-GENERAL COUNSEL-SEC

FRANK L. SALIZZONI, EX V PRES-FIN

MICHAEL R. SCHWAB, EX V PRES

CHARLTON L. GEORGE, TREAS

DIRECTOR(S): The officers identified by (+) and Mathias J. DeVito, Merle E. Gilliland, George J. W. Goodman, Edward A. Horrigan Jr., David C. Jones, Robert LeBuhn, Nelson S. Mead, John G. Medlin Jr., Hanne M. Merriman, Richard P. Simmons and Raymond W. Smith.

BUSINESS TYPE: Corporation -
Profit

DATE INCORPORATED: 02/16/1982
STATE OF INCORP: Delaware

AUTH SHARES-COMMON: 75,000,000
PAR VALUE-COMMON: \$1.0000
AUTH SHARES-PREF: 1,000,000
PAR VALUE-PREF: No Par Value

ISSUED CAPITAL STOCK: At Dec 31 1990, 48,282,000 shares of common stock including 2,754,000 shares held in the treasury and 358,000 shares of redeemable preferred stock.

-----BACKGROUND/CONTROL-----.

Business started 1937 by USAir, Inc. Through an internal reorganization, effective Feb 1 1983, USAir Group, Inc. was established as a holding company for subsidiaries, USAir, Inc. and others. This is a publicly held Company and shares are traded on the New York and American Stock Exchanges under the symbol U. As of Dec 31 1990, there were 32,000 shareholders of record. The officers and directors as a group beneficially held less than 1% of the outstanding shares.

The only persons known to the Company which owned, as of Dec 31 1989, more than 5% of its common stock were: Sanford C. Bernstein & Co., Inc., New York, NY (12.6%); Michael H. Steinhardt, New York, NY (8.3%); and INVESCO Capital Management, Inc., Atlanta, GA (5.3%). All of the series A redeemable preferred stock was held by Berkshire Hathaway Inc., Omaha, NE.

-----ACQUISITIONS-----.

In Nov 1987 the Company completed the acquisition of Piedmont Aviation, Inc., Winston-Salem, NC, in a cash transaction valued at approximately \$1.6 billion. In Aug 1989, Piedmont Aviation, Inc. was merged into USAir, Inc. In May 1987 the Company acquired Pacific Southwest Airlines for a cash consideration of \$385 million. In Apr 1988, Pacific Southwest Airlines was merged into USAir, Inc. In 1990, the Company acquired certain leasehold assets at Philadelphia, PA from Midway Airlines, Inc. for an undisclosed amount.

-----MANAGEMENT BACKGROUND-----.

COLODNY, born 1926 married. Graduated University of Rochester 1948 AB; Harvard Law School 1951 LLB. 1951-54 United States Army. 1954-57 Civil Aeronautics Board, Bureau of Air Operations, trial attorney; Association of Local Transport Airlines, chairman, Route Policy Commission. 1957-date USAir, Inc., 1967 executive vice president-legal affairs and marketing services, 1975 president and chief executive officer, 1978, chairman of the board, president and chief executive officer. 1982-date USAir Group, Inc., chairman of the board, president and chief executive officer.

MALIN, born 1937 married. Graduated Dartmouth College 1959 BA; Amos Tuck School 1960 MBA. 1961-80 American Airlines, Inc., vice president-passenger sales and advertising. 1980-date USAir, Inc., senior vice president-marketing, 1983 executive vice president-marketing, 1989 also vice chairman. 1988-date USAir Group, Inc., vice president-marketing, 1989 vice chairman and executive vice president.

SCHOFIELD, born 1940. Graduated Harvard University 1975 PMD.

1957-date USAir, Inc., 1974 assistant vice president-operations administration, 1976 vice president-operations administration, 1977 vice president and operations manager, 1978 senior vice president-operations, 1983 executive vice president-operations, 1989 also vice chairman. 1989-date USAir Group, Inc., vice chairman and executive vice president. Effective Jun 1 1991, he will succeed Edwin I. Colodny as chief executive officer.

LLOYD, born 1941 married. Graduated Kansas State University 1963 BA; Southern Methodist University Law School 1966 LLB. 1967-85 Hydeman, Mason, Burzio & Lloyd, partner. 1985-87 Preston Thorgrimson, Ellis & Holman, partner. 1987-date USAir, Inc., senior vice president and general counsel, 1991 executive vice president and general counsel. 1987-date USAir Group, Inc., vice president, general counsel and secretary, 1991 executive vice president, secretary and general counsel.

SALIZZONI, born 1938 married. Graduated Penn State University 1960 BS; George Washington University 1964 MBA. 1960-62 Bethlehem Steel Corp. 1962-64 Research Analysis Corp. 1964-67 American Cyanimid Co. 1969-87 Trans World Airlines, Inc., vice chairman and chief financial officer. 1987-89 TW Services, Inc., chairman and chief executive officer. 1990-date USAir Group, Inc. and USAir, Inc., executive vice president-finance.

SCHWAB, born 1949. 1973-91 United Airlines, Inc., various management positions. 1991-date USAir Group, Inc. and USAir, Inc., executive vice president-operations.

GEORGE, born 1957 married. Graduated University of Pennsylvania 1978 BA; University of Chicago 1980 MBA. 1980-83 E. I. DuPont de Nemours & Co. 1983-89 Allied-Signal, Inc., director corporate finance. 1989-date USAir Group, Inc., treasurer. Also vice president and treasurer, USAir, Inc.

OTHER OFFICERS: J. MICHAEL BRADY, vice president-taxes. PATRICIA A. GOLDMAN, vice president-corporate communication. JULIETTE C. HEINTZE, vice president-investor relations. GORDON LINKON, vice president-commuter services. JOHN W. FUNKHOUSER, controller and assistant secretary.

OUTSIDE DIRECTORS: DEVITO, chairman, president and chief executive officer, The Rouse Company, Columbia, MD. GILLIAND, chairman of the executive committee, PNC Financial Corporation, Pittsburgh, PA. GOODMAN, president, Continental Fidelity, Inc., Princeton, NJ. HERRIGAN, former vice chairman, RJR Nabisco, Inc., Winston-Salem, NC. JONES, retired chairman, U.S. Joint Chiefs of Staff, Department of Defense. LEBUHN, president, Instoria, Inc./Providential, Ltd, New York, NY. MEAD, director, The Mead Corporation, Dayton, OH. MEDLIN, chairman, president & chief executive officer, First Wachovia Corporation, Winston-Salem, NC. MERRIMAN, president, Nan Duskin, Inc., Philadelphia, PA. SIMMONS, chairman and chief executive officer, Allegheny Ludlum Corporation, Pittsburgh, PA. SMITH, chairman and chief executive officer, Bell Atlantic Corporation, Philadelphia, PA.

OPERATION
04/16/91

USAir Group, Inc. operates as a holding company for subsidiaries which operate as certified air carriers, engaged in transporting

passengers, property and mail (97%). Its operations are subject to the jurisdiction of the Civil Aeronautics Board ("CAB") and the Federal Aviation Administration ("FAA"). Provides regularly scheduled air service through 129 airports to over 170 cities in the United States, Puerto Rico, the Bahamas, Canada, Bermuda, the United Kingdom and Germany. In addition, through subsidiaries also provides jet engine maintenance and overhaul services to the Company and unaffiliated carriers, aircraft remarketing services, aircraft appraisal services and other aviation services (3%).

As of Dec 31 1990, the Company's fleet of 454 operating jet aircraft consisted of 9 Boeing 767-200ER aircraft, 29 Boeing 727-200 aircraft, 81 Boeing 737-200 aircraft, 45 Boeing 737-400, 74 DC-9-30 aircraft, 31 Mc Donnell Douglas MD-80 aircraft, 20 Fokker 100 aircraft, 25 Fokker F-28-4000 aircraft, 20 Fokker F-28-1000 aircraft, 18 BAe 146-200 aircraft and 102 Boeing 737-300 aircraft. 207 of the aircraft are leased and 247 are owned. In addition, the Company's commuter airline subsidiaries operated a total of 56 owned and 61 leased propeller-driven aircraft.

Terms are credit cards, net 30 days and cash. Sells to general public, commercial and industrial accounts and government agencies. Territory : United States, the Carribbean, Canada, the United Kingdom and Germany.

Season peaks April, May and June. Business slow January and February.

EMPLOYEES: 49,200 including officers. 760 employed here.

FACILITIES: Leases 273,000 sq. ft. in 12 story steel and concrete building in good condition. Premises neat. Space occupied is on 8 floors and is shared with USAir, Inc.

LOCATION: Suburban business section on well traveled highway.

BRANCHES: Through its operating subsidiaries, maintains facilities located throughout the United States, Canada, the Caribbean and the United Kingdom..

SUBSIDIARIES: USAir Group, Inc. has ten operating subsidiaries, all are wholly owned. Intercompany relations include loans and advances as needed, as well as service transactions or regular 30 day terms. The Company's major subsidiary is briefly described below.

USAIR, INC., Arlington, VA. A Delaware corporation formed in 1982 and operating as an air transportation carrier.

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FULL DISPLAY COMPLETE